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East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2258

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SHORTCOMINGS IN SCIENTIFIC RESEARCH IN AID OF ECONOMY

Tirana BASHKIMI in Albanian 23 Jan 82 pp 1, 2

[Interview with A. Ylli, G. Lika and R. Reka, by Astrit Karadaku: "Better Coordination and Control in Scientific Study Work" Date and place not given]

[Text] Ajet Ylli: As a result of the implementation of the tasks which the party has assigned, the study work has entered the road of scientific planning and has been based on better technical-organizational measures in support of the fulfillment of the Seventh 5-year plan. Its better assessment after the Eighth Plenum of the party Central Committee at the grassroots level, by the ministries and so forth, had a good impact in raising the level of studies. The first year of this 5-year plan started well. After the drafting of the programs, the coordination of the study themes was improved and progress is being made in its implementation . There have also been initial results from some of the studies.

Gezim Lika: The Committee for Science and Technology has made efforts for the better coordination of these themes on a national scale. For this purpose, close attention has been paid to the work being carried out by the ministries and the grassroots for the timely and qualitative development of the studies. The Committee, in cooperation with the ministries, took a number of measures to overcome the state of disorder which was observed when some study groups began their work. It is worth stressing in this case the good experience of some ministries which established the work of the groups on more correct bases, such as the Ministry of Construction, the Ministry of Light Industry and the Food Ministry, the Ministry of Communications, whereas shortcomings and weaknesses were observed among some study groups of the Ministry of Industry and Mines. A noticeable improvement was achieved during the necessary phase as a result of the measures which were taken.

The Committee for Science Technology has not ignored the study work which is carried out at the grassroot level. Periodic controls have been organized for this purpose.

The tasks for 1981 have been generally well fulfilled. But some studies have not proceeded according to plan, mainly in the Ministry of Industry and Mines, as in the case of studies on the enrichment of phosphate minerals, the smelting of nickel-silicate ores, and so forth.

Ajet Ylli: The Eighth Party Congress assigned great tasks. Their fulfillment requires further improvements in the entire complex of scientific study work on a national scale. Some studies which have been undertaken recently with some work groups, under the direction of the Committee, will contribute to progress in these areas. Thus, in the field of the mechanical designs the scientific level of the work will be strengthened by the Institute for Mechanical and Studies and Designs, in order to raise labor productivity, improve quality and progress to a broader standardization in the machine industry. In the field of technological designs, some defects which have been observed, in the design-idea and up to sketching of the work will be overcome. In order to avoid these shortcomings, the complex groups will be set-up employing cadres specializing in different fields, who will draft the design-idea and the blue print for the execution of the projects. In this way, the task which the Eighth Party Congress assigned--that the various phases of the study such as the general study, experimentation, design and the execution constitute a single entity--will be put into practice.

It remains our task to generalize the good experience in the organization of this type of work gained by the groups designing hydroelectric plants, high-power lines, petroleum refining plants, bitumen plants and so forth.

Rexhep Reka: In the field of geology, petroleum and of minerals, the studies deal with the principal problems on which the fulfillment of the tasks of this 5-year plan are based and with preparations for setting the next 5-year plan on sound bases. In the petroleum industry, along with the many studies on its entire complex, the main problems of the enterprises and of the scientific organizations are the qualitative and quantitative improvement of the geological and geophysics complex of studies and work in the field of oil and gas exploration, the improvement of the drilling technology and of all the works in the full cycle of drilling, in order to attain greater results especially in deep wells.

In the field of geological studies on valuable minerals, the principal tasks are in the area of studies for opening up further prospects for ore prospecting. Planned thematic works, the drafting of geological, tectonic, metallogenic, hydrogeological, and other charts will serve this purpose.

In the sector of mines, the technological studies will be intensified for the improvement of the system of utilization, for raising the level of mechanization in the entire complex of works, for solving of the problems related to the extension of depth, and so forth. For this purpose the coordination between the enterprises and the ministries will also be improved.

Ajet Ylli: I believe that there is room for improvement in the planning of the entire scientific activity in order to concentrate on the key problems which respond to the needs of the economy today and in the future. An important role will be played here by the Committee for Science and Technology. But in order to achieve this, we will pay close and serious attention to the development of scientific-study work in specific fields, and on the basis of which we will draw conclusions and better determine the directions of its development. In the studies which the Committee for

Science and Technology carries out itself, this problem will be at the center of attention.

For the qualitative fulfillment of the great tasks which face our science, the comprehensive training of specialized cadres is also important. It is a positive fact that this specialization has entered into the planning area. In this connection, 5-year plans and annual plans have been drafted for long-term and short-term training and specialization is the task of all the ministries and central institutions to better monitor their fulfillment in order for our cadres and workers to come up to the level of the tasks which the development of science and technology has assigned in our country.

5112
CSO: 2100/47

INDUSTRIAL OUTPUT IN JANUARY 1982, COMMENT

Sofia IKONOMICHESKI ZHIVOT in Bulgarian 24 Feb 82 p 4

[Text] The January plan for commodity production was fulfilled 102.8 percent and for marketed production 96.2 percent.

In comparison with the same month last year the rate of production increase is 5 percent.

The production of some basic industrial products and the rate of growth in comparison with last January:

	Industrial Output during January	Rate of Growth in percent
Electric energy-million kwh.	3845	106.1
Coal, thous. tons	2715	113.1
Briquettes, thous. tons	129	125.1
Cast Iron, thous. tons	131	100.3
Rolled ferrous metals, thous. tons	292	113.0
Cold rolled sheet iron, thous. tons	53	104.7
Steel pipes, thous, tons	22	100.6
Electrical instruments, thousands	30	110.8
Lathes	753	114.3
Electric hoists	10,106	120.3
Motor trucks	1578	114.1
Nitrogen fertilizers, thous. tons	68	112.4
Chemical fibers, silk, tons	8838	97.2
Cement, thous. tons	400	111.2
Bricks, millions	66	101.1
Paper, thous. tons	30	106.2
Household glassware, thous. leva	2687	114.6
Cotton cloth, millions/m.	29	100.9
Tailored articles, million leva	35	135.1
Shoes, thous. pairs	1450	101.8
Meat, thous. tons	35	118.7
Meat products, tons	6456	103.2
Cheese, tons	4814	120.4

Kashkaval (yellow cheese-tr.) tons	1421	138.2
Tobacco products, tons	7330	101.3

Committee for the unified system of social information

Commentary

Most of the enterprises utilized the reserves they discovered as early as the first month of the year, which insured the overfulfillment of the plan both for the volume of production and regarding material expenses. In comparison with the same month in 1981 a significant increase in production of many basic articles has been achieved. A higher rate of growth of the total volume of production has been achieved in comparison with January last year (5 percent).

Along with this it must be pointed out that analysis of the results achieved in industry during January disclose again a series of weaknesses and unsolved problems by the enterprises and economic organizations which hamper the execution of the plan and the achievement of additional goals according to the basic indicators.

The plan has not been completed for the production of cast iron, steel, softwood boards and parts, cellulose, paper, internal combusion engines, electric cars, knitted outer and underwear, shoes, etc. Production has been less than planned in over 300 industrial enterprises and the gap is about 25,000,000 leva. The facts show that non-execution of contractual obligations for supply with raw and other materials and in cooperation have had an effect on the execution of production plans of some enterprises. People continue to allow significant weaknesses of internal organization which lead to failure to fulfill the planned goals. There are such cases in the system of Economic Combine "Viteks," Economic Combine "Trikotazh," D.S.O. "Cement and limestone extraction," Economic Combine "Metal constructions" and others.

During January many enterprises allowed delays in production which were due most of all to irregular production. We will mention that during the last 10 days of January, 44 percent of the total commodity production was achieved. As a result, by the end of the month all the returns from the production achieved were not in.

There still are enterprises continuing to tolerate weaknesses in the efficient utilization of raw and other materials. Technological discipline is violated, machines and equipment are not kept in good repair and the norms for expenses on raw and other materials for production of articles are exceeded. Two hundred twenty enterprises reported failure to carry out the planned economizing in expenses for materials. There are spending excesses in the S.Kh.K. "Devnya," kombinat "Maritsa" in Pazardzhik, the "Druzhba" plant in Varna, the Kombinat "Roman" for steel wire and ropes, and in others.

To deal with the weaknesses mentioned and with the unsolved problems, it is essential that the economic organizations and enterprises expend maximal efforts for the most complete utilization of the reserves in the counterplans as well as that they carry out the essential practical measures for compensating quickly for the delay tolerated in the first month of the year. A necessary condition for this is that the regularity of production be improved everywhere, furthermore and that there be an even greater reduction in material expenses for which, as the analysis of the execution of the plan for January shows, the resources which were uncovered are not utilized to a sufficient degree.

400
CSO: 2200/71

MINISTER OUTLINES ECONOMIC MEASURES FOR AGRICULTURE

Bratislava PRAVDA in Slovak 2 Mar 82 p 3

[Article by Jan Janovic, minister of agriculture and food, SSR: "Freedom Walks Hand in Hand With Responsibility; Improvement of the System of Planned Management of Agriculture"]

> [Text] On the basis of the proceedings and resolutions of the Fourth Plenum of the CPCZ Central Committee, it can be stated that not only personnel of the agricultural-food complex, but the public at large is today familiar with the circumstances that led to the need for updating the system of planned management of agriculture in force since 1967 by the Rules for Improved Planning in the Agricultural-Industrial Complex and in Agriculture which became effective as of the beginning of the current year. External effects in particular could not be dealt with merely by implementation of streamlining measures and it will be inevitably necessary to make adequate adjustments in the volume and structure of productive and overall activities of cooperatives and state-owned property with all the consequences for their output and financial resources.

All this called for adjusting prices and other economic tools in such a manner as to provide an incentive toward maximum economy--to produce as many quality products from every acre of soil, from every domestic animal, from every koruna expended on investments, wages, from each kilogram of fertilizer and from each unit of consumed energy. The same applies to other material resources designed to promote intensification of agricultural production and increased productivity of labor and the investment program where we had to wage a struggle to orient it toward maximum economy, toward full utilization of material- and energy-saving trends in scientific and technical progress, toward maximum utilization of the existing industrial technological base and its effective modernization.

Transition to such a long-emphasized course could not be accomplished under conditions of the old system that in many respects had become obsolescent. There was a need to reconcile planning, economic tools, wage and personnel policy with new requirements, but also with considerably more challenging external and internal conditions in which food will be produced not only at the present but in future years.

Changes in Planning

The most significant changes in the entire complex of new measures apply to the planning sector. Criticism has been voiced for some time against the system of planning which in practice more or less assigned to agricultural enterprises in the form of directives a large number of indices which, for all practical purposes, determined from above the structure of production and procurement of agricultural products. JRD [united agricultural cooperatives] and state-owned enterprises often participated in planning only to a negligible extent, which weakened their initiative and responsibility for efficient utilization of production conditions, resources and reserves. For that reason the Rules for Improved Planning in the Agricultural-Industrial Complex and in Agriculture envision that the plan for the Seventh Five-Year Plan will be worked out with much more active participation by agricultural enterprises. Their proposals will be dealt with in the form of implementation counterplans in close cooperation with customer organizations which will conclude with agricultural enterprises long-term contracts regarding deliveries of products with active coordinating and controlling participation by district agricultural administrations.

Starting with the year 1982 and for the entire Seventh Five-Year Plan, the state plan assigns to all levels of management as the only compulsory obligation only a role in the procurement of cereals and in the procurement of animals for slaughter. However, under the new system district agricultural administrations can assign to agricultural enterprises under their jurisdiction three additional obligatory indices which apply to key tasks of the plan in production or in procurement of agricultural produce. As regards manufacture of other products, cooperatives and state-owned enterprises will be notified of objectively reconciled requirements on the level of deliveries to state funds with the proviso that they meet them in mutual cooperation with customer organizations.

Another key goal of the Rules for Improved Planning in the Agricultural-Industrial Complex and in Agriculture is closer coordination of the interest and responsibility of all branches that participate in providing nutrition for the populace, i.e., provide planning for the agricultural-industrial complex as a factual entity. The goal is to provide for improved interrelation of the plan for agricultural production and its material and technological backup under conditions when approximately 70 percent of all material input into food production come from other sectors of the national economy.

The new measures anticipate that as of next year the plan will already be worked out at planning committee level on the basis of proposals submitted by all sectors which significantly participate in providing material and technological backup for agricultural production. This will involve a comprehensive plan for the agricultural-industrial complex which, according to specified indices will meet the needs that are inevitable for attainment of the planned agricultural production and overall food production. The plan will be submitted for approval to the federal government and to national governments and meeting of its tasks will be assessed at ministerial department level, by planning organs and, summarily, during sessions of governments.

This measure should substantially contribute to dealing with bottlenecks which persist in this area due to excessive involvement of ministerial departments and often due to imbalances in the plan.

Important changes will also be made in planning of replenishment of fixed assets. From the viewpoint of agricultural enterprises, of key importance in this respect is the new categorization of investments. Projects up to Kcs 5 million of budgeted costs will be "below limit" which should simplify the investment process and open up room for a program of effective modification and completion of farm structures, storage facilities, etc.

Not Just Picking Out "Plums"

As can be seen, all this involves significant changes also designed to considerably expand the jurisdiction of agricultural enterprises in the process of management and planning of agriculture, it involves a deeper democratization of shaping, preparation and implementation of the plan. Nothing could be more harmful than if these well-considered progressive elements of planning were to be interpreted by JRD and state farms as meaning that each enterprise will pick only those tasks which offer it the greatest advantage, figuratively put, that from the common pudding it will pick out only plums and will leave, for various reasons, less attractive plants or products which are nevertheless of importance to society untouched and leave their production to "someone else." That was not the intent and such an attitude must be nipped in the bud. We know that each democracy and, thus, also our socialist democracy, has two aspects. One aspect of the matter is that each JRD or state farm can freely, on the basis of a thorough knowledge of its production conditions, propose the structure of production and structure of deliveries, but the other aspect of democracy is given by the fact that each agricultural enterprise must harmonize its enterpreneurial or group interests with the interests of the whole socialist society. In other words, it should conscientiously subordinate its interests to the social demand expressed in the form of the state plan. Only such, and no other, was the intent of the new measure in the sphere of planning of basic agricultural production. However, such an approach makes much higher demands on preparation and distribution of the plan, on supply and demand negotiations, on all participants in the planning process, i.e., primary producers, district labor centers, but primarily buyers of foodstuffs and raw materials who cannot just wait with folded arms, as often is the case, hoping that farmers will deliver products to their ramp and that they will be able to pick for themselves the best. Raw-material and food buyers, as integrators, must under the new conditions make arrangements as early as tne stage of allocation of the tasks of the plan to enterprises in regards to the raw material, the desired quality, assortment, structure of deliveries, scheduled collection and deliveries for the course of the year and help in dealing with problems that can come up during the cultivation period, until the products are in storage. For this reason, the new measures substantially reinforce the significance of long-term contracts between partners in which they should resolve all problems and, for the integrator, form an integrational resource enabling economic stimuli to suitably affect the relations between supply and demand. If even this should fail to help, then, after exhausting one's own resources, expediently submit proposals to the relevant control organ which will decide whether administrative or economic measures are to be used to fully meet social demand. We are of the opinion that the new measures will go a long way toward bringing closer the interests of individual participants in food production and distribution and that they will enhance their mutual trust and confidence, stabilizing partnership relations for long periods of time.

A Stake in the Results

Significant changes also occur in economic tools of management. In the first place--as is the case in all other branches of the national economy--the function of profit will be significantly reinforced; already a slight failure to meet planned profits will mean for the state sector of agriculture that almost one-fifth of all resources will go for wages. On profit will also depend, even though to a lesser extent than is the case in the state sector, remuneration for members of cooperatives.

Contrary to other sectors, agriculture retains the system of economic incentives tied to production for the market, to overall results (receipts). This dependency is now even being reinforced by introduction of premiums for increments in receipts.

It is envisioned to continue granting financial allocations for investment construction and operations. These, however, will go only to selected (lagging) plants. Other enterprises--approximately three-quarters of all plants--will have to allocate premiums to personnel from their own economic results.

Each plant will have to deduce from these new measures the requisite consequences of finalizing yearly plans and making any change or measure in its economic activity, the more so, because development of agricultural production will have to be implemented with more limited material resources.

What are the practical consequences? What will have to be changed in practice, in approach to assessment and dealing with basic problems of agricultural production and in the stereotype of managerial efforts?

First of all, we must become well aware of and analyze of what significance are premiums for increment in receipts to the economy of the enterprise. At least a few data: Attainment of an annual 3 percent increase in receipts brings about an average premium per worker in agriculture of Kcs 1,100 of net income, of which 30 percent can be used directly for remuneration of personnel and the rest for financing expansion. Thus, enterprises which achieve a more expedient growth in production for the market will be much better off than enterprises with stagnating production.

This new economic tool calls first of all for a new approach to utilization of available agricultural land. After all, each hectare of still unused land, if tilled, will represent an increase in receipts and bring into the treasury of the JRD or state farm, in addition to receipts, also an average

Kcs 2,700 in net income from premiums for increment in receipts. Whoever fails to till a hectare of land is depriving his enterprise of that sum. Agricultural enterprises will from now on have to fight much harder for their land, not give it up frivolously in annexations of transfers to forest land, and keep under cultivation everything that can be economically and efficiently tilled. This old role of farmers has been given a new economic impetus and that is the direction which enterprises must now follow.

The same applies to struggle against losses. For example, whoever obtains a yield of 20 metric quintals of beets from 1 hectare, will get not only Kcs 650, but also Kcs 200 as a premium for increased receipts.

An assessment of the structure of production must also be made from this viewpoint. Industrial produce tends to yield high receipts per hectare of crop area. Thus, whoever--in keeping with the needs of society--expands production of industrial products will also enhance the economy of his plant.

Orientation Toward Quality

We know that cultivating well every available piece of land, utilizing the entire area of permanent grass lands, reducing losses in harvesting sugar beets, potatoes, bulk fodders, flax, as well as expanding production of industrial produce is no easy task. But we also know that with the resources made available to us by the plan, substantially more could be accomplished.

The Rules for Improved Planning in the Agricultural-Industrial Complex and in Agriculture contain not only incentives for increasing the production volume, but also--as has already been pointed out--incentives for improved efficiency, lowering of costs per unit of production, and do so for two reasons:

1. For production, we have at our disposal only the given and relatively more limited production assets, fodders from the central fund, mineral fertilizers, agrochemicals, machinery, fuel oil, fuels, investment limits and other components of the national system of logistics. They will not increase. 2. If under these material prerequisites we are to increase production (which is imperative for meeting the increasing needs of society), then we must produce from 1 ton of high-grade fodders more meat, milk and eggs than has been the case in the past, from a ton of mineral fertilizer more grain, fodder and other plants, make better use of equipment at our disposal, reduce the costs of construction. In a word, we must lower the material demand per unit of production.

If an enterprise should fail to follow this path of effective intensification and seek to achieve production increases by continuing its extensive approach, which would increase the cost of materials for individual products, then it would not have enough resources either for wages and premiums or for financing expansion--it would go from bad to worse. Such is the law of the new rules of management.

That is one more reason for a new approach to implementation of tasks. Let us try to explain this matter by using as an example the most important sector of consumption in production--consumption of fodders. In the preceding five-year plan, production of animal products kept sharply increasing, but through following the extensive path, fodder consumption per production unit did not decrease. Increase in animal production resulted in highly exceeding the planned imports of grain. This created a rather unique atmosphere in the circles of personnel responsible for animal production. Only those managers of state farms, JRD chairmen, zootechnicians, deputies for production--even at agricultural administrations--were regarded as successful, who managed to wheedle from some superior organ some additional allocation of fodder from central funds. However, in reality such additional allocation of fodder was a sign of failure by regional and district production and economic units and enterprises to achieve economy in feeding domestic animals and improve the quality of bulk fodders.

From One's Own Resources

All that is over now. Enterprises, economic production units and agricultural administration will receive a firm allocation from the central fund. If they fail to meet the plan for their own fodder production, or exceed the prescribed norm for its consumption, they cannot count on (with the exception of a natural catastrophy) an allocation of fodders from the central fodder resources and will have to face the deficit by lowering animal production, primarily hogs. At the annual meeting, the key personnel in the area of fodders and animal production will have to account to the members of the cooperative for the reasons why the enterprise is paying smaller shares of the economic results.

For that reason, from now on the efforts for development of animal production must have an internal orientation, toward the fodder and zootechnical sector. Enterprises ought to newly formulate their tasks for balancing their fodder resources. For example, in this manner: What has to be done to cut down grain consumption in cattle keeping--without sacrificing utility values--by one-fourth or one-third? (Actually, it would be no miracle. I could name a number of regions with higher utility values that manage to do so.) Even cutting down on rated consumption of grain is no easy task, but a lot can be done in this regard in many of our enterprises just by using the resources at their disposal.

Similar goals will also have to be set for other production sectors. Delivery of mineral fertilizers will increase at a slower rate than in the past. That brings up the question of what the JRD's or state farms must do to provide for a higher yield of crops by using a larger share of organic fertilizers than had been the case. Many enterprises still have considerable unused resources along these lines. Another task of this type is plant protection: How we can better organize extermination of pests and harmful insects, how we can use the given amounts of agrochemicals more efficiently and economically to keep the crops clean and healthy. New and complex tasks will be faced by personnel responsible for mechanization: How, by means of what economy measures they can cut down on fuel oil allocations and fuel consumption while providing full backup for work in the fields of minimizing losses from income for subsidiary production.

Significance of a Khozraschet System for Enterprise Subdivision

One of the basic tools for improving the quality and efficiency of management is closer orientation of khozraschet [cost-accounting system] on individual enterprise subdivisions. Only in this manner is it possible to generate an adequate amount of interest among individual work teams to achieve the best possible economic result for the entire enterprise. The wage system must suitably supplement the mechanism of the enterprise's khozraschet, but it cannot replace its function all by itself. New rules for management leave room for enterprises to mobilize the initiative of work teams as well as individuals. They can determine specific forms of bonuses or special payments for individual subdivisions. Deserving of notice from this viewpoint is the experimental introduction of work-team khozraschet at the state farm in Senec. It is possible to specify for enterprise subdivisions result-oriented premiums for meeting and exceeding production quotas and production for the market as well as for saving of material. The forms and methods of khozraschet for enterprise subdivisions still need some elaboration, but they should be widely implemented as soon as possible. We assigned to the scientific research base the task of expediently preparing, while taking into consideration past experiences and the new rules, new models of khozraschet for subdivisions of cooperatives and state farms.

Under the new economic conditions in agriculture, many changes will have to be made in managerial work in enterprises, at agricultural administrations, in economic production units as well as in the ministry. Priorities of tasks undergo changes and new tasks keep springing up. This must be reflected in the plans drawn up by enterprises, in contracts regarding state procurement of agricultural produce, as well as insets of implementation measures for meeting planned quotas and upgrading enterprises, in methods of operational management, in the criteria for individual wage incentives, in premium disbursement, in orientation and assessment of socialist competition. This is true, not because it is insinuated by somebody "from above," but because it is in the basic interest of the enterprise--its personnel.

There can be no delays in starting to pursue these new approaches, new methods of management and analysis. Even now, in finalizing plans for 1982, in bargaining of collective agreements, making socialist pledges by workers at annual meetings, membership meetings of party organizations and, soon, in formulating proposals for the five-year plan and for preparation of spring operations, all these new problems and tasks must be subjected to thorough analysis with wide and active participation of work teams, adequate measures must be adopted for their solution and implementation. An important role will be played herein by political and organizational efforts of the Regional and District Agricultural Administration, party and labor-union organizations as well as competent economic propaganda, continuing education and training of personnel at all levels of management, but particularly at the output end of production.

8294
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AGRICULTURAL, FOOD PRODUCTION SELF-SUFFICIENCY EFFORTS HINDERED

Food Self-Sufficiency Development

Prague HOSPODARSKE NOVINY in Czech 19 Feb 82 p 4

[Article by Eng Vladimir Jenicek, CSci, Institute for Research in Agricultural and Food Economy]

[Text] The degree of self-sufficiency in food is the result of comparing the intensity of agricultural production and the number of inhabitants in relation to the level of food consumption. In this context, it is obviously only one, though a significant, criterion expressing primarily the relation between resources and actual consumption, not an eventual higher potential demand. However, the measure of self-sufficiency can be significantly affected, e.g., by strict liquidation or unavailability of imports, so that actual consumption is then equal to domestic resources, even though the actual demand for the given foodstuff or some other product need not be met by far.

Development of self-sufficiency can be most generally characterized by the rate of growth of per capita food consumption in comparison to the rate of growth of gross agricultural production per inhabitant. It only serves to express certain trends, or relative changes in the development of self-sufficiency in comparison with the initial period, but not the specific measure of self-sufficiency during individual periods, using various methods for physical expression of consumption.

Another way of expressing self-sufficiency is the value margin. The latter can be applied in yet other contexts:

--in relation to the overall development of self-sufficiency in agriculture;

--in the extent of the entire agricultural and food complex, it includes raw materials and semifinished products for food production of vegetable and animal origin, animals, to include animals for breeding, and food products, to include raw materials for light industry other than the food industry;

--in the widest connotations of the agricultural-industrial complex, it includes both the areas of the agricultural and food complex as well as inputs into agriculture and the food industry, i.e., tractors and farm machinery, equipment and plants of the food industry, chemical products, fertilizers and preparations, net imports of energy, etc.

The measure of self-sufficiency in the agricultural-industrial complex increased from 82.8 percent in 1960 to 88 percent in 1970. The average for the years 1971-1975 amounted to 85.2 percent and in the previous five-year plan it reached 83.3 percent.

Thus, it can be stated that the decrease of the value margin in self-sufficiency for both the agricultural and food as well as the agricultural-industrial complex was due primarily to the effects of several economically rather adverse years, particularly the year 1976 and, partially, 1977, 1979.

In comparison with the value margin of self-sufficiency, the development of the measure of natural self-sufficiency in basic agricultural and food products in long-term development of the CSSR is characterized by additional specific trends and structural changes:

--First of all, there has been a long-term increase in the level of self-sufficiency in regards to all basic groups of products of animal origin, i.e., meat as a whole, to include poultry, dairy products including butter and eggs. For almost all the mentioned agricultural and food products the level of self-sufficiency increased by approximately 20 percent over the past 10-15 years and is close to full self-sufficiency or exceeds it (cheeses, eggs, butter).

--There has also been a 5-10 percent increase in the measure of self-sufficiency in cereals as a whole. Nevertheless, importation of cereals over the past several years remained significant (1-2 million tons annually).

--However, the positive growth of the measure of self-sufficiency in animal products is accompanied by a less favorable phenomenon, i.e., a shift in imports from raw materials and semifinished products for food production and from food itself to agricultural intermediate products, particularly cereals and concentrated fodders at less than favorable price and territorial relation (forage and oil cakes, bruised cereals, milled animal products, 600-700 tons annually).

--Less positive or inoccuous changes in long-term development supply to produce and fruit.

--On the other hand, as regards some traditional and commercially very significant agricultural and food products for exports, the measure of self-sufficiency is visibly decreasing. A typical example is sugar, where there persists a constant lowering in the natural measure of self-sufficiency, as holds true of hops, malt barley, malt and others, where exports are either decreasing or often stagnating in volume.

--Changes in the internal and external imports structure of the agricultural-industrial complex in favor of importation of agricultural intermediate products are characteristic also of inputs into agriculture. At a relative decrease in importation of raw materials and semifinished products for food production and of food itself, imports are shifting primarily to means of an intensification nature, such as industrial fertilizers, pesticides, etc., which are to promote intensive domestic agricultural production and replace importation of intermediate products of foodstuffs themselves.

From the historically developing specific measure of self-sufficiency it follows that attendant to its formation is the economic efficiency of production of a given product, to include economic effectiveness of participation in the international division of labor. However, Czechoslovak agriculture does not meet in full measure from its own resources the demand for foodstuffs brought about by the attained high standard of nutrition for the populace. Resources obtained from exports of agricultural and food products do not reimburse their imports, which calls for food imports to be partially covered by resources obtained through exportation of products of nonagricultural sectors.

From the viewpoint of achieving an optimum measure of self-sufficiency in meeting the demand for foodstuffs by our own agricultural production, there arises the problem of the level at which it is to be dealt with. The solution is in a close economic relation to the effectiveness of exchange of agricultural and food products, but also to the effectiveness of exchange of non-agricultural products of other branches of the national economy for products needed to provide nutrition for the population and, far from least important, also in an adequate volume of foreign-exchange resources for the territorial structure of imports, in the economic necessity of making full use of one of the few Czechoslovak natural resources--agricultural land resources. All these aspects also underline the necessity for continued growth of self-sufficiency in food in the CSSR.

Natural Level of Self-sufficiency
in Basic Agricultural and Food Products

Product	1961	1965	1970	1975	1976	1977	1978	1979
Cereals*	77.0	75.3	84.5	91.9	83.8	90.4	85.1	93.0
Wheat	57.8	68.3	75.7	87.8	88.6	93.3	87.3	94.1
Corn	77.2	71.1	80.3	66.7	28.9	62.7	44.2	65.7
Hops	241.0	163.0	220.0	158.4	166.7	159.8	167.3	171.0
Malt	186.0	175.0	179.0	139.4	139.6	140.3	138.3	152.2
Beer	103.0	101.0	105.0	106.9	108.2	108.9	109.8	111.1
Edible fats/oils*	77.4	76.6	89.7	102.7	101.0	103.0	100.8	102.2
Sugar	140.0	210.0	110.0	119.0	98.4	137.0	133.0	118.6
Forage/oil cakes	67.0	47.0	26.0	26.3	19.4	21.8	18.9	21.5
Animal meals	51.0	26.0	25.0	59.0	51.5	64.0	58.8	60.0
Fruit*	83.1	76.2	85.3	71.2	69.0	72.0	71.1	72.3
Produce*	94.0	92.2	101.1	98.5	90.8	95.1	92.2	94.3

Meat*	70.3	74.8	88.0	97.3	98.1	95.7	98.8	101.1
Cheeses	106.3	105.9	110.6	110.4	108.1	109.1	109.2	108.[illegible]
Butter	80.4	87.3	90.1	100.6	100.7	100.8	100.4	100.7
Eggs	101.6	100.6	99.7	103.2	103.1	101.1	100.2	100.1

*Total

Toward Own Resources

Prague HOSPODARSKE NOVINY in Czech 12 Feb 82 pp 1, 7

[Article by Eng Karel Jelinek, CSci, deputy chairman, State Planning Commission: "Agriculture and Food Production in the Current Year"]

[Text] Tasks envisioned for development of agriculture and food production in the state implementation plan for 1982 and for the period of the entire Seventh Five-Year Plan constitute some of the most challenging aspects of our national economic plan. This is given by the nature of the products in the national economy which satisfy basic and vital needs of the populace, which by their volume and structure determine to a significant degree the standard of living and, by the extent to which they are provided from domestic production, considerably affect the dynamics and proportional balance of all the most important aspects of the entire plan for the national economy.

In a Central Committee report presented at the 16th CPCZ Congress by general secretary Comrade Gustav Husak it was stated in essence: "It will be increasingly difficult and more taxing on our foreign-exchange resources to import agricultural products and foodstuffs." The conclusion to be drawn from this fact, as emphasized at the Fourth Plenum of the CPCZ Central Committee, is unequivocal: "In providing for the needs of food consumption, we cannot follow the path of increasing imports, but must develop decisive and aggressive efforts for development of our own agricultural production."

The state implementation plan for the year 1982 for development of agriculture and food production fully incorporates the resolution and tasks stipulated by the Fourth Plenum of the CPCZ Central Committee. In the rate and structure of production, the tasks of the plan are reflected in such a manner as to facilitate accomplishment of the basic economic goal of meeting the demand for food to a greater extent and by a larger share from domestic agricultural and food production and thus attain a higher measure of self-sufficiency in nutrition. It is not possible to keep providing foreign currency for meeting to the full extent the deficits occurring in agricultural, primarily plant, production to balance the high demand for fodders by importation from nonsocialist countries.

Last Year's Results

The results achieved in agricultural production, particularly in plant production, in the year 1981--the first year of the Seventh Five-Year Plan--are not fully satisfactory. This clearly affects the possibilities in the field of animal production and final production of foodstuffs in 1982. It is partly due to the adverse weather conditions of 1981 but, in part, also due to persisting shortages in the production of some products where there has been a long-term stagnation in production. Considerable differences in attained results are also to be found between plants and territorial entities with similar production conditions.

According to preliminary results, gross agricultural production amounted to Kcs 100.3 billion, i.e., 3.4 percent less than in 1980, and the plan failed to be met by 5.7 percent. In comparison with 1980, plant production was lower by as much as 7.1 percent.

Production of cereals reached a level of about 9.5 million tons, which is less by 1.6 million tons than called for by the plan and less by 1.2 million tons than the 1980 level. The mentioned volume of cereals production is lower by 0.6 million tons than the average harvest attained in the course of the Sixth Five-Year Plan. Also in the case of less than yearly harvested fodder grasses from arable land the harvest was lower in comparison to the plan and to the actual harvest of 1980 by roughly 1 million tons of hay and by 0.3 million tons less than was the average for the Sixth Five-Year Plan. Somewhat better results were attained in the case of other bulk fodders, considering their good quality.

Key Tasks

The state implementation plan for the year 1982 for the development of the agriculture and food industry on the basis of the sum of internal and external economic conditions is a challenging and systematic commencement toward attaining a proportional balance between plant and animal production and the corresponding extent and structure in production of foodstuffs and a truly higher measure of self-sufficiency in nutrition. To attain the results expected for 1981, the value of the overall volume of agricultural production must be increased 3.2 percent, however, 17 percent of the latter figure applies to an increase in plant production by curbing animal production roughly by 6 percent. The need for this high increase in plant production is the result of the low level attained in 1981 and the need to more emphatically increase the stability and dynamics of this sector. Only in such a manner will it be possible to create the prerequisites for a more adequate meeting of the demand for plant products in nutrition for the populace, a more intensive development of animal production and an increase in export funds for partial reimbursement for necessary imports. In comparison to the highest level of plant production so far, attained in 1978, the planned increase in production amounts to 6.8 percent.

Plant production must be given a priority status in organizing the development of agriculture and food production. It is imperative to provide for attainment of two key tasks:

--achieve a plant production volume of 11 million tons, which is more than has been attained in the two best years so far, 1978 and 1980 (10.9 and 10.8 million tons);

--comprehensively solve and increase production of high-quality bulk fodders to 14.6 million tons (in hay value), which represents an increase of 6.5 percent over the level expected for 1981 and amounts to the volume that has been attained so far in the best year for these plants (1980).

Meat Production

A very challenging part of the state implementation plan for 1982 and for the entire Seventh Five-Year Plan is also development of animal production, particularly as regards meat production. Deficits in high-quality nutritive fodders of domestic production in particular can be supplemented only partially and it will take very challenging measures in a number of sectors of the national economy. For economic and societal reasons it is impossible to keep paying every year for unlimited imports of high-quality fodders from nonsocialist countries. That would only weaken the prospects and stability of the development of the national economy. It is imperative to adapt the potential for development of animal production to the sources of fodders and create in that manner natural reproductive conditions for priority development of plant production and proportionality between these two sectors of agricultural production.

On the basis of a realistic assessment of available fodder resources and their potential supplementation, it will be necessary in 1982 to regulate animal production by planned measures in such a manner as to preclude drops in the intensity of production in individual types of animal keeping and to ensure maximum productive efficiency of the available fodder consumed. Thus, it will become necessary to limit production in types of animal keeping, particularly that of hogs for slaughter, which achieve low intensity and below-average efficiency in utilization of fodders.

The crucial requirement for increasing the intensity of agricultural and food production while maintaining the utmost economy in expenditure of production assets was promulgated as the key directive for managerial and organizational efforts in the report of the Presidium at the Fourth Plenum of the CPCZ Central Committee in October 1981. Agriculture is also faced with the pressing task of implementing more forcefully the requirement of the 16th CPCZ Congress to reorient the economy toward a path of intensive development, high efficiency and economy. This calls for a decisive orientation toward maximum savings, toward the requisite structural changes, toward making use of scientific and technical advances and effective capital investment. The overall situation of the national economy will no doubt affect the chronological implementation of some of the adopted concepts and goals. More care must be taken to make maximum effective use of all resources at our disposal.

All this applies to agricultural production as a whole, but it must be particularly stressed in the case of animal production, throughout all its aspects, i.e., providing it with fodders, in its own production process up to processing of raw materials in the food industry. On the basis of current analyses, it is imperative that, starting already as of 1982, some problems that have been given priority status even in plans to be dealt with more systematically.

The thought expressed at the occasion of the Fourth Plenum of the CPCZ Central Committee that fully applies to animal production in regards to the stubborn persistence of extensive approaches with less than adequate requirements on keeping up production by input of materials. Concentrated fodders are becoming a particularly limiting factor, primarily from the viewpoint of foreign trade which has been meeting overall demand for them for the past several years by roughly 25 percent. Importation of cereals and fodders depletes in value almost the entire volume of agricultural and food exports. The only realistic possibility open to our economy, affected also by the conditions on the world market, is to adhere to the unequivocal principle of providing for continued growth of animal production in a structure that would lower the demand for importation of fodders while increasing our own plant production to provide the requisite fodder base.

The share of gross animal production in gross agricultural production is more than 55 percent, with an ever-increasing trend. However, the developmental trend in horned cattle and hog keeping has been showing over the past decade a gradually deepening biological imbalance in the system of agriculture due to lack of balanced proportion in the development of all factors that mutually affect one another. This is borne out by the relations in the increase in animal production for the market over the past 10 years (1980:1970):

Animals for slaughter (without poultry)	149.2 percent
Horned cattle (including calves)	123.9 "
Milk	139.3 "
Hogs	177.4 "
Poultry for slaughter	208.9 "
Eggs	146.4 "

Orientation Toward Horned Cattle

A far more clearly defined trend of production for the market and production requiring high-quality fodders calls for structural changes in production with an orientation on horned cattle keeping. The negative feature in production of pork and poultry is the requisite higher share of protein components in fodder mixtures which again call for some imports. Production of beef can be backed up by domestic fodder resources without requiring importation. The tasks stipulated in this direction ever since the October plenum of the CPCZ Central Committee in 1975, together with adaptations of economic tools in the course of the Sixth Five-Year Plan, so far have failed to produce the requisite results.

It is true that strict comparison of all expenses connected with production in horned cattle and hog keeping shows that production of pork is twice as economical as beef production. However, this comparison does not include the nutritionally economic characteristic of marketed meats (pork, beef) which from the viewpoint of protein contents as the most valuable and limiting factor in providing nutrition show the following values:

--1 kg of pork (in value on the bone) contains 124.4 grams of protein;
--1 kg of beef (in value on the bone) contains 151 grams of protein.

This fact partially alters the actual relation between socially required expenditures and lowers the economic advantage offered by production of pork.

Economic factors influenced the growth of pork and poultry production, as it represents the simplest and most flexible form of production in regards to intensive reproduction and a short production cycle. For that reason, development of consumption registered the following changes in production of meat in slaughtered form:

Percentual Shares of All Meat

Meat	1970	1975	1980
Beef	42.5	40.4	36.9
Pork	52.9	57.2	61.6

In 1936, however, beef accounted for 46.5 percent and pork for 39 percent of total meat consumption.

Meat consumption currently provides approximately 57.5 percent of animal proteins per capita, but we use up to 82 percent of fodder grain. Milk, at a per capita consumption of 215 liters, accounts for 33 percent of animal proteins at a consumption of only 11 percent of grain fodders. Consumption of 310 eggs, which supply 8.5 percent of animal proteins, requires 7 percent of grain fodders. That means that production of 1 kg of milk proteins requires approximately 9 kg of grain fodders, but 1 kg of proteins from meat calls for 23 kg of grain.

One of the decisive factors influencing the economy of animal production is efficient utilization of plant products forming the disposable fodder resource for the production of animal proteins. From 1 hectare of agricultural land we can produce the following alternate amounts of meat:

240 kg of horned cattle = 41 kg of pure proteins
246 kg of hogs = 25.5 kg of pure proteins
272 kg of poultry for slaughter = 40.5 kg of pure proteins
223 kg of mutton = 27 kg of pure proteins.

Keeping one milch cow per hectare of agricultural land provides, at a milk yield of 3,000 liters, 90 kg of animal proteins.

Structural change in animal production, in the sense of curbing further development in the production of meats posing a high demand on grain fodders and promoting development of horned cattle keeping, with simultaneous intensification of production of fodders on meadows and pastures and increased production of ensiled fodders, provides the planning basis for the next period. For that reason, for the year 1982, the share of meat production in slaughtered form has been already stipulated at 59.6 percent for pork and 38.8 percent for beef with the proviso that production in the coming years will continue to change in favor of beef.

The recommended amounts call for consumption of pork and beef (in value on the bone) in a ratio of 55:45 percent, which in animal production represents a ratio of roughly 1:1. This envisions a long-term increase in per capita consumption of beef by approximately 4 kg a year at the expense of pork.

The overall level of meat consumption attained in our country is very high and, from the viewpoint of health considerations, its further increase would seem counterproductive, while some streamlining is needed in consumption of individual types of meat. This trend coincides also with higher demand for milk consumption. From the viewpoint of overall nutritional economic advantage in production of animal proteins, production of proteins in milk is among the least expensive. When we then assess production of proteins for the entire segment of horned cattle keeping, it is 13.5 percent cheaper than production of proteins in pork.

Mention must also be made of the unquestionably significant effect of this concept on increasing the soil yield and its bioenergy potential as a factor for stabilization and further intensification of plant production.

All this will cause a feedback for dealing with the still persisting and increasing inconsistency between sources of fodder from plant production and the needs of animal production. Data outlining the development of the fodder base show the key problem to be instability of available areas and yields of fodder plants, but also improper management in use of the product and the relevant considerable losses in preservation and storage. Systematic increases in the production of bulk fodder will help us to comprehensively deal with the problem of cereals. Another easily mobilized unused resource should be pointed out, namely utilization of the energy value of straw which, according to data from the GDR, accounts for up to 40 percent of the grain value of cereals. At the same time, its nutritive value can be almost doubled by chemical processing, treatment with ammonia or lye, making the fibers more easily digestible.

Utilization of Raw Materials

The somewhat limited availability of sources for some materials from agriculture, but also of imported raw materials, creates considerably more challenging conditions for the food industry. This will call for improved utilization of raw materials, stepped up final production, improved level of processing and introduction of new products to meet the demands of the food market with their simultaneous economic uses in consumption.

Particularly challenging tasks will be faced by those production sectors of the food industry engaged in processing of raw materials of animal origin. They account for 51 percent of the industry's production, of which 20 percent accrue to the meat industry, 15 percent to dairy and 7 percent to poultry farms.

The meat industry processes annually approximately 1.6 million tons in live weight of slaughter animals. In the current period, it will be necessary for the personnel in this sector to systematically deal with the tasks stipulated by the Presidium of the CSSR Government resulting from an inquiry into the economy of meat management carried out by the CSSR People's Control Commission. In essence it involves increasing the yield, cutting down on losses of all kinds, maximum utilization of all raw materials, reducing introduction of uncut meat into the commercial network, etc.

The dairy industry processes over 5 billion liters of milk a year, 70 percent of it for human consumption, 25 percent for feeding purposes in agriculture and 5 percent for other needs of the national economy. Its key task for the next period is introduction of new products with the objective of improved processing of milk in production of cheeses, fermented dairy and refrigerated products as well as concentrates that expand the raw-material sources of the meat industry.

The objective of the efforts to be developed by all sectors of the food industry in the current and the next period is to look into the possibilities for increasing the production of those products that could provide a substitute for meat products in the nutrition of the populace, improve the existing quality at all levels of processing and expand the assortment of products in keeping with the demands of consumers. Because of its production and structure of products from poultry and eggs, an important role will be played herein by the poultry industry.

Reliable implementation of the tasks of the state plan in all sectors of food production, from agricultural primary production to the processing industry, will call for a wider, more direct and more intensive participation by scientific research shops. The success of scientific research efforts will have to be objectively measured according to the overall economic results achieved in food-production sectors.

Modern concentrated and specialized agricultural production and food production is provided for by high volumes of social labor in the form of production assets and services from other branches and sectors of the national economy. Thus, the responsibility for such production is, in the true sense of the word, social, but it is absolutely specific as it applies to individual participants sharing in the production of food. The current and expected considerable division of labor among individual sectors demands that this responsibility of all sectors and branches be maintained at the highest level, because even a slight failure to meet the tasks in one sector results, as a rule, in achieving lower overall results in the level of production and efficiency of total input of social labor.

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NORM ADJUSTMENT SAID POSSIBLE WHEN WORKERS PRODUCE MORE

Prague MLADA FRONTA in Czech 5 Mar 82 p 3

[Interview with Eng Jaroslav Wiesner, candidate for doctor of science, director of economics division of CSR Ministry of Labor and Social Affairs by Jaroslav Hejkal: "The Path to Higher Earnings"; date and place not given]

> [Text] We have received many letters concerning our interview with Eng Jaroslav Wiesner, Candidate for Doctor of Science, director of the economic division of the CSR Ministry of Labor and Social Affairs (MLADA FRONTA, 16 Jan 82), in which we discussed the possibilities for achieving higher average wages through employee reductions. Because some of these inquiries were of a general character, we have again approached Engineer Wiesner with them.

[Question] Comrade engineer, our readers are mostly asking how they should go about implementing the government decree making possible the receipt of higher average wages through the fulfillment of plan targets concerning lower numbers of employees under factory conditions. How, for instance, should a workshop collective proceed once it decides to reduce its work force by, let us say, 5 employees? Could this collective, then, itself divide all of the wages payable to the dismissed employees, or only a portion thereof?

[Answer] On this matter I must first comment that there may exist two types of work force reductions. A relative reduction arises when, with the same number of employees, an organization assures higher labor values added, which will entitle it to a higher volume of wages payable as well. To the extent that an organization takes on higher targets during the counterplanning stage, then the entire increased volume of wages payable will remain at its disposal for increasing average earnings; to the extent, however, that the initiative of a work collective manifests itself as the overfulfillment of planned outputs during the course of the year, then the organization will have available for distribution only a portion of the increased wages payable, because in these cases the excess wages payable which have been gained are reduced in a differentiated manner according to established coefficients. In addition, there may also be an absolute reduction in the work force. This arises when an organization fulfills planned or higher production targets with fewer employees than provided for in the guidelines on which the plan was based. In these cases, the wages payable to which the organization is entitled remain at its disposal without regard to whether the reduction was decided upon during the counterplanning period or subsequently, during the process of plan fulfillment.

[Question] And how, concretely, are these increased wages payable to be distributed, as wages, within the organization?

[Answer] Today, the basic management element is the economic production unit (VHJ). The plan is specified for it, and the above regulations apply to it. The VHJ, then, within the constraints of its jurisdiction, establishes how these rules are to be applied in enterprises and in intraenterprise divisions. When establishing such intrasectorial regulations, each VHJ may, or to make a more accurate statement, should take account of varying levels of underutilized capacity in work force utilization in individual subordinate enterprises and factories. It should also establish what percentage of the achieved reductions may remain directly at the management level where the reduction originated, and what percentage will fall to the disposition of the enterprise or VHJ for requisite redistribution, since a number of reductions are also shared in by various administrative services, technicoeconomic employees and the like. The VHJ is also to establish the level of management to which will apply the material incentives for work force reductions. In practice, this will always concern larger collectives--the factory, the operation, the large workshop--in which it is possible to change the division of labor, improve employee assignments and better coordinate activity.

[Question] If, then, you were to provide a concrete answer to the original question...

[Answer] ...Then I would answer this way: whoever wishes to know the direct advantages that accrue to him from achieved work force reductions at his place of work must request the specific regulations which have been formulated for this purpose by his enterprise or factory.

[Question] And in the event they have not been formulated?

[Answer] Then he should demand that they be established, perhaps with the assistance of union or Union of Socialist Youth organizations.

[Question] Some readers, lathe operators, express the identical fears in their letters, that when they increase their work output in comparison with present levels, their output standard will be raised at a later date, so that they will receive the same compensation for a greater number of items produced. Can you comment on these fears, which clearly are based on the practice of recent years?

[Answer] The established output norms may not be changed freely, but only under certain conditions. The Labor Code establishes clearly in Section 114, that labor-consumption standards must be changed whenever there is a change in the technical or organizational conditions under which a given task is performed. It is also necessary to change a standard if there is a demonstrable error or impropriety in its establishment.

[Question] What, then, can you say to the fears of our readers, the lathe operators?

[Answer] Insofar as the overfulfillment of performance standards comes about due to the efforts of the workers themselves, then it is impossible to change the standard without their agreement. This follows from the above-mentioned Labor Code principles. Moreover, the union organization must take steps to assure that the established norms correspond to applicable legal regulations. Finally, the Labor Code also specifies that labor-consumption norms be established by an organization at all times with worker participation. Nevertheless, should there be a substantial overfulfillment of the standards due to a change in technico-organizational conditions, then it is necessary to modify the norm. Likewise, when it is determined that the labor-consumption norms do not correspond, more generally speaking, to the technical and organizational level achieved by production, then an agency with supervisory authority over the organization, in conjunction with a higher union organ, may take measures to study the norms. If, in this case, an objectivization of the norms results, it is also possible to utilize an appropriate form of wage adjustment; this may be provided by the award of extraordinary or one-time bonuses for the shift to work under the new standards and for its rapid mastery, by the modification of premium rates and performance bonuses, by the introduction of special payments of up to 10 percent of the wage rate, and in some instances by increasing piece rates per unit of output by up to 10 percent.

[Question] A certain reader even wrote: "Our factory suffers from a chronic shortage of employees, even though it can be said that some are not working to their full capacity. I, for instance, because I tend to take my work seriously, am capable of overfulfilling by a substantial amount the current standard, which others just manage to meet. I have three children and need to earn money, and I would be willing to work at a level of performance which would allow the reduction of one employee, because I am capable of doing the work of two people. I would, however, have to be sure that I would earn the salary of two people as well..." Comrade engineer, is it possible to guarantee this certainty to him in some way?

[Answer] The coworkers of an employee who substantially overfulfills established output norms do not as a rule regard him with great joy. Some are of the opinion that he "ruins" the norm for the others, that he, for example, is calling attention to the lack of rigor in the standard. We must, however, support workers who take initiative. In the end, every employee who now increases his work output and makes possible reductions in the work force contributes to an increase in the earnings of his factory and enterprise. Insofar, then, as a single employee would be able to do more than is expected, then it is desirable that he incorporate such a thought directly into his socialist commitment, that he make clear the ways in which he has decided to achieve this objective, as long as this does not include a reduction in quality, a failure to uphold technical standards or work safety regulations. The earnings of such an employee must then be in proportion to his work results. And if I might provide a piece of advice to your reader, I would suggest that he not isolate himself from his fellow employees, but that he establish as a part of his commitment that he will assist in increasing the outputs of his coworkers as well by sharing his ideas with them, acquainting them with his working methods, thus contributing to their ability to gain larger earnings.

[Question] Other doubts are roughly of this type: a factory will increase output substantially, thereby also increasing average wages. In a year or two, however, these higher average wages at this one factory will be a source of irritation to people in other factories, meaning that the enterprise will do all in its power to assure that the remaining factories catch up to the factory in question in terms of average wages, i.e., it will tighten requirements at the expense of the other factories. What is your view on this matter?

[Answer] It is true that enterprises have so far been afraid to reduce labor force consumption and raise average earnings precisely because of the fact that in the establishment of annual plans a supervisory organ could restrict them in their wage increases and, on the contrary, establish higher labor productivity targets in the plan. The fundamental plan is becoming the five-year plan. This also increases the certainty for workers that good results in a given year will not be wiped out for them during the establishment of the plan for another year. This, however does not rule out the possibility, clearly, that group interests may continue to be asserted in places. The managerial employees of enterprises and VHJs, if they proceed sensibly, must rather support greater differentiation in the development of average earnings according to the work performance of individual factories. They should, however, proceed to analyze the situation at factories which are lagging behind and identify the reasons for the lag, and to assist them in the mobilization of underutilized capacity which will make it possible for them to increase average earnings. In this way they will assist not only the lagging factories, but in the final analysis the entire enterprise. And in those organizations, where perhaps there will be an attempt to apply the old planning methods and put brakes on the activity of more progressive factories, they can cry over their earnings. Because it is easy to violate the trust of people who will want to do better so that they might have more compensation. To make amends for this at a later date, however, and once again to win over employees for more effective work is nowhere near as easy, and will not be any easier in the future.

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FEWER RESOURCES, HIGHER EFFICIENCY TO INCREASE FARM OUTPUT

Prague NOVA MYSL in Slovak No 2, 1982 pp 21-27

[Article by Julius Varga: "Improving the Planned Management System of Agriculture"]

[Text] At its Fourth Plenum the CPCZ Central Committee reviewed the implementation of tasks laid down by the 16th CPCZ Congress and developed in greater detail the strategic line toward increasing our self-sufficiency in food and agricultural raw materials. It took into account the rapidly changing conditions on the world markets of food and other raw materials, primarily fuels, and also our domestic development and our economic potential. The Central Committee unequivocally emphasized that food consumption could not be secured by additional imports, but only by persistent and determined effort to increase domestic agricultural production. The gradual increase in food self-sufficiency is currently an objective need without which we cannot make progress in the development of our socialist society. The degree of urgency in accomplishing this strategic goal is further underlined by the fact that we entered the Seventh Five-Year Plan under much more complex and demanding conditions than those prevailing in the 1970's. We must achieve the increase in agricultural production during the Seventh Five-Year Plan with smaller grain imports, lower rates of increase in industrial fertilier supply and a smaller labor force than in the past. Under the new, more complex conditions on the world markets of food and raw materials, it is very demanding to secure the necessary nutrients and protein components of fodder compounds which we need for more effective utilization of our own fodders and for planned production of animal products.

The Fourth Plenum of the CPCZ Central Committee reaffirmed the policy of consistent intensification of agriculture and mobilization of internal reserves. Despite some partial positive results in the overall development of agricultural production during the Sixth Five-Year Plan, we did not succeed in effecting a fundamental change in the structure of agricultural production by making more effective use of our domestic conditions. Inadequate implementation of resolutions, passed by the plenum of the CPCZ Central Committee in October 1975 and by the 15th CPCZ Congress has caused the increases in agricultural production to be achieved primarily by greater production of pork and poultry, which was possible only because we were importing considerable quantities of fodder. During the period of the Sixth Five-Year Plan, including favorable years, our annual imports averaged approximately 1.5 million tons of grains, that is, about as much as in the late 1960's when our annual grain production, however, was 3 million tons below the level of the Sixth Five-Year Plan. The entire increase in domestic grain production was thus spent on increased production and consumption of animal products without restricting imports. Greater grain consumption often had to make up for shortcomings and stagnation in the production of roughage from arable land, meadows and pastures.

The most important long-term task which cannot be postponed, therefore, is to achieve the qualitative turnabout in the development of plant production by reducing our dependence on imports and thus increasing our overall self-sufficiency in food production. This means that, together with the increase in grain production, we must achieve substantial increases in production and stable crops of other products for the market and for fodder, and thus create indispensable reserves for meeting needs in poor harvest years.

The key short-term task at the present time is to make up for the shortfall in the production of grains and other fodders in 1981, to secure a sufficient fodder supply for domestic animals until the next harvest and to meet the plan targets for production and purchase of animal products without jeopardizing the fulfillment of tasks in the subsequent years of the Seventh Five-Year Plan. This demanding task can be accomplished only if we strictly adhere to the mandatory system of administration of grain fodder supply, consistently implement regulatory measures in breeding of domestic animals, particularly pigs, and make maximum, most effective use of all types of fodder, including waste suitable for feeding.

These, from the production standpoint, most important tasks were incorporated in the 1982 plan for agriculture. In comparison with the expected reality of 1981, gross agricultural production is to increase 3.2 percent, but plant production by as much as 16.7 percent. Moreover, very high targets have been set in the 1982 plan for all basic agricultural products. In comparison with the reality of 1981, the planned grain production of 11 million tons is 16.4 percent higher, the purchase of sugar beet 12.6 percent higher, yields per hectare of perennial fodder are to increase 12 percent and so on. On the other hand, the plan anticipates a reduction in the purchase of slaughter animals, particularly pigs and poultry.

No less important will be to solve the problems brought about by the limited resources of motor fuel, fuels and energy. Only by the implementation of maximum economy rationalization measures in the sector for drying products, restricting some types of nonagricultural activity and overall revaluation of customary field and technological procedures will it be possible to successfully implement the programs for conservation of fuels and energy. From this standpoint, we must also revaluate the present plans for production concentration and specialization, construction and location of both production and nonproduction capacities and facilities.

We must also pay much more attention to additional urgent tasks which were emphasized by the Fourth Plenum of the CPCZ Central Committee--to more consistent protection of land, prevention of unjustified seizure of quality and fertile land for nonagricultural purposes, more intensive use of all land, more rapid and better application of scientific and research achievements, more effective use of high quality biological and breeding material. The greatest reserves exist, however, in the different level of agricultural enterprises operating in approximately similar natural and production conditions, both as to overall production intensity and results achieved, and individual areas of production and activity. Experiences and analyses reveal that the causes lie mainly in subjective factors--in different standards of cadres and low efficiency of management and organization. Making effective use of these and other reserves is the fundamental prerequisite for the successful development of our agriculture during the Seventh Five-Year Plan.

The policy of self-sufficiency, mobilization and utilization of internal reserves as well as structural changes must be effectively supported by all tools of management. For this reason also, the Fourth Plenum of the CPCZ Central Committee, together with the solution of specific problems, discussed and approved the principles of the system of planned management of agriculture which essentially represent the application of the "Set of Measures" to the conditions of agriculture.

The improved system of planned management of agriculture which became effective at the beginning of this year represents a set of mutually interlinked measures in the area of planning, economic tools and financial incentives for workers. The basic goal of this improved management is to make sure that all tools of management actively contribute to making concrete management in all units and at all levels of management more effective, that they, primarily in the enterprise sphere, actively promote an increase in agricultural production and efficiency in accordance with societywide interests and needs. The adopted measures aim at increasing the function and role of organs of state and economic management in promoting the proportionate development of agriculture, and at establishing close mutual links between individual branches and sectors in relation to the plan in order to fully meet the social needs in the area of food supply.

As in the entire national economy, planning on the basis of target programs is also being introduced in agriculture. The establishment of tighter links between individual branches within the entire complex of branches participating in food production is of fundamental importance for the future development. The need of improved interbranch planning objectively arises from the gradual industrialization of agricultural production, high degree of participation of agriculture, together with other sectors of the national economy, in social division of labor. This increases the share of other sectors in the growth and efficiency of agricultural production as well as the significance and importance of mutual ties between agriculture and supply sectors. The application of principles of target programs and comprehensive planning of ties between supply sectors and agricultural production lays much greater demands on the work of central planning agencies and ministries. Not all of these principles can be put into effect at once. During the Seventh Five-Year Plan, these relations will have to be worked out gradually and then comprehensively applied to the long-term estimate and primarily to the preparation of the Eighth Five-Year Plan.

The present system of planning has made it possible for individual levels of management to increase the number of mandatory indicators of the state plan, but primarily of the economic plan--frequently according to momentary needs. This practically led to the assignment of an excessive number of mandatory tasks in production and purchase to agricultural enterprises, and the total number of indicators frequently reached several tens.

The improved system of planning creates more room for a creative and active approach by agricultural enterprises to the preparation and implementation of the plan. They have greater freedom in making decisions of the production structure by taking into account local conditions. The strengthening of the role of long-range and medium-range plans gives agricultural enterprises more time for processing of their expansion schemes. By limiting the scope of administrative detailing of the plan and systematic distribution of production among the agricultural enterprises, more room is created for the initiative, but also the responsibility, of enterprises for optimizing production by application of purposeful concentration and specialization among the enterprises as well as within one enterprise, by improved production organization and management, and by rational utilization of production factors for meeting the social demand. On the other hand, it is necessary to increase the role of objectively determined and justified standards and norms in all areas of agricultural enterprises' activity so that they become an effective tool of management and utilization of reserves.

The comprehensive application of rules of planning in agricultural branches should result in the improved quality of planning and reduction of administrative work in planning at the same time. The wider participation especially of supply organizations and the service sector in the planning process and formulation of tasks will gradually lead to the more purposeful division of labor and of responsibility among these organizations and management organs in agriculture. This will necessitate at the same time, particularly in kraj and okres agricultural administrations, a substantial improvement in their coordination and control of all organizations which participate in agricultural production and purchase of products for the state funds.

The measures designed to make economic tools more effective are an important part of the improved planned management system of agriculture. Without exaggerating the role and significance of purchase prices, supplementary price tools, differential premiums and other specific tools of price and tax policy, state subsidies and grants to agriculture, they are objectively to contribute to the fulfillment of economic tasks and to promote the socioeconomic development of unified agricultural cooperatives, state farms and other agricultural organizations. The effect of purchase prices in particular was undermined by considerable differences in the profitability of individual types of products and, depending upon the production structure and production for the market, also in the different level of revenues of agricultural enterprises. In the final analysis, all these differences also resulted in the different level of wages and remuneration.

The implementation of long-term plans for changing the production structure in favor of beef cattle was very adversely affected particularly by the purchase prices, which were either set below cost or reimbursed only production costs and made impossible production of funds necessary for further production increase. Khozraschet management of enterprises and their economic independence was thus undermined and necessitated taking additional steps to remedy their unfavorable economic situation, such as various forms of subsidies and grants from the state budget.

The approved modifications in the system of economic tools thus aim at specific solutions, structural changes in the development of production, primarily at the economic support of beef cattle breeding and important sections of plant production. At the same time, the revision of prices of fuels, energy and fodder compounds should exert greater economic pressure on better administration of available supply and the search for and use of the most economical ways toward the fulfillment of tasks. Considerable emphasis is put on eliminating the causes of long-term production and economic lagging of some agricultural enterprises, particularly by implementation of intensification programs and in the last resort by allocations from the intensification fund. The measures in the area of purchase prices, differential premiums also in the nonprice area thus create conditions for strengthening khozraschet and thus also financial independence even of less prosperous agricultural enterprises. It will of course, be up to them how they will use the entire set of measures for greater mobilization of their own reserves in production.

Together with greater independence in decisionmaking and responsibility for satisfaction of societywide needs, the khzoraschet responsibility of enterprises is also increased for production of their own resources and funds.

The measures in the area of financial incentives are more closely linked to khozraschet results achieved by the enterprises and to the relative contributions of individuals and collectives to the fulfillment of tasks. The revised method of planning and producing wage funds should prove more effective. Production and regulation of wage funds in agricultural cooperatives and state farms will no longer be governed by the limits of average wages and this will prevent unnecessary increases in the labor force. Those agricultural enterprises which meet the targets of the five-year and annual plans with a smaller labor force will be able to pay their workers higher wages corresponding to their relative merit. Conditions are thus simultaneously created for the more consistent differentiation of average wages as well as for the differentiation of wages of collectives and individuals within the enterprises. The linking of wage funds to total results also stimulates enterprises to increase agricultural production as much as possible. Likewise, the strengthening of the incentive component of remuneration, giving bonuses from the premiums based on the production increase and redistribution of wage funds resulting from the application of progressive standards and norms will lead to more effective remuneration and thus also to the more effective utilization of the labor force. The fundamental principles of the improved management system, however, can be effective only if they are strictly observed in the intraenterprise departments and workplaces by the collectives and individual workers so that intraenterprise khozraschet will be employed for increasing efficiency and quality of work in every workplace.

The entire set of measures approved by the Fourth Plenum of the CPCZ Central Committee creates conditions for dealing with the complex and demanding tasks which our agriculture faces. The foremost task will be to make use of these conditions and to translate them, by specific political, organizational and managerial work, into agricultural production increases in every enterprise, okres and kraj. In the first place, executive personnel in all units and at all levels of management must comprehensively implement all measures and not apply only some of them out of context. This means that they must again review their long-term plans for the development of agricultural production in every kraj, okres and agricultural enterprise and eventually determine new directions of development. The more thoroughly we formulate our new tasks, the more rapidly and consistently we shall cope with them. There is no time for waiting or speculations in any enterprise. Every moment of waiting, foot-dragging and formal approach will only give rise to additional and even more complex problems. Most of the management personnel in agricultural enterprises and managing organs are aware of the present demanding tasks and are also able to successfully cope with the complex tasks which we will face in the future. The management personnel, however, will have to attack more actively and with greater initiative the problems which arise in connection with the new situation in fodder, motor fuels and fuels, the shortfall in production and total receipts, and to seek ways to increase production and improve economic results. Under the new conditions of more balanced profitability of products, the possibilities of relatively easier acquisition of adequate funds for production increase and distribution will be reduced. All this will lay much greater demands on management and organization, on abilities and know-how. In the first place, the management personnel in the ministries of agriculture, kraj and okres agricultural administrations must more rapidly get rid of administrative forms of management and expand their contact with agricultural enterprises. The principal economic workers in the agricultural enterprises must in turn assign these tasks to the work collectives and thoroughly discuss them with all workers.

Party organizations in agricultural enterprises and villages must head the struggle for the new tasks and the new approach to the implementation of party policy in agriculture. The implementation of these tasks is economically important and highly political in nature. The basic prerequisite for the successful implementation of the resolutions of the Fourth Plenum of the CPCZ Central Committee as well as of the improved system of planned management is correctly understanding them to be a tool for utilization of all possibilities and reserves for increasing production and efficiency. All time-tested methods and forms of ideological education and mass political work must be used for this purpose. The party organs and organizations must purposefully create the appropriate atmosphere for executing measures in accordance with local conditions and very responsibly evaluate the fulfillment of tasks.

The agricultural enterprises are now processing the plans for 1982. These plans must be drawn up in cooperation with the largest possible number of workers whose suggestions and experiences should be utilized and who should be won over for the new tasks. Every agricultural enterprise must include in its plan the requirement for a more rapid increase in plant production, maximum possible conservation of fodder, fuels and energy, promotion of beef cattle breeding and high production efficiency and quality of work so that the plan will mobilize the potential reserves and exert pressure for more effective utilization of the means of production, including land. Their consistent implementation will represent a step forward in the implementation of the principal task, that is, of increasing our self-sufficiency in food supply.

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BRIEFS

BUSINESS WORK PARTNERSHIPS--The Computer Technology and Management Organization Enterprise has formed a number of business work partnerships: It has undertaken to organize the entire information system of the general consumer and marketing cooperative of Gyor, to program the management of the thermal power plant of Tatabanya and to organize maintainance of the capital equipment of the Driving Mechanism and Painting Equipment Factory of Budapest. [Text] [Budapest NEPSZABADSAG in Hungarian 10 Mar 82 p 8]

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PLANNING IN REFORMED ECONOMIC SYSTEM ANALYZED

Warsaw RADA NARODOWA GOSPODARKA ADMINISTRACJA in Polish No 2 , 22 Feb 82
pp 33-35

[Article by Stanislaw Uplawa: "Planning in a Reformed Economic System"]

[Text] The shape of the new operating system of the Polish economy will be determined largely by changes in planning. A concept of these changes has been worked out by Team II of the Commission for Economic Reform. In view of the far-reaching modifications of the traditional planning system, it deserves broader popularization.

The changes in the planning system were based on the following key premises:

--concentrating the role of central planning to shape the strategy for the socioeconomic policy and the instruments for its implementation;

--recognition of the autonomy of enterprises [to be] guided centrally through the mediation of economic parameters and financial instruments; resorting to other instruments is permitted in exceptional situations and within a narrowly defined scope;

--abandonment of the hierarchic directive-distribution procedure for establishing plans, and its replacement with the procedure of informational-consultative links;

--a basic broadening of the self-government rights of territorial bodies in autonomous decisionmaking with respect to the functioning and development of the economy, the community network, the social infrastructure and environmental protection;

--a more public planning process based on improved identification of social needs, the assurance of a genuine domination of interests of the entire society and broader participation of representative and public bodies in planning work. Within the organizational units of the economy the principal plane for making the planning process more public should be an enhancement of the role of employees' self-governments.

These premises underlie the system of plans, their contents and scope, and the planning methods and procedures, as well as the control of economic activities. They necessitate major changes both in central and territorial planning and in planning at the level of the enterprise and other organizational units of the economy.

Directions of Changes in Central Planning

In the system being shaped, the central plan should fulfill two fundamental functions: 1) determine the actions of the government and its agencies in the time frame of the plan; 2) determine the control instruments in the form of economic parameters and standards and provide the necessary information to organizational units and sociopolitical organizations, thus providing the premises and criteria for the choices they make.

It is assumed that the state alone will be the subject of the central plan. The subsector ministries will cease to be the subject of the central plan as had been traditionally construed. This is due to the abandonment of draft plans by the ministries insofar as such plans represent aggregations of the draft plans of the [industrial] associations, as well as to the abandonment of the division of central-plan tasks among the individual ministries. This does not preclude the participation of subsector ministries in establishing the central plan and carrying out economic policies relative to their scopes of activity in accordance with the objectives specified in that plan.

Central planning will be concentrated on strategic problems, particularly on those that cannot be effectively resolved by the market mechanism in the sense of assuring action consonant with acknowledged social goals. In this connection, the decisionmaking scope of the central plan will be restricted to crucial matters that can be resolved by central economic agencies with the aid of the instruments accessible to them within the framework of the adopted system of managing the economy. This chiefly concerns overall economic decisions on central investments of a structural nature, the initiation of research problems and technical projects of major importance to the economy, the production of basic raw and other materials and energy, foreign trade, economic cooperation with abroad and the development of the social infrastructure.

The expansion of the strategic role of central planning coupled with a deliberate restriction of its decisionmaking scope will be possible if the selection of plan goals--and of the ways and means of attaining them--is based on broad public consultation, increased authoritativeness of economic justifications for the strategy of economic development through consistent respect for economic laws, and the creation of instruments promoting the objectivization of the selection criteria and the employment of cost-effective accounting.

Under the new conditions, major changes in the quality of central planning are intended by means of, among other things:

--a more thorough identification and broader consideration, in planning, of the categories of social needs and aspirations in appropriate (type, organizational, territorial) cross-sections;

--more thorough investigation--preplanning studies--of the external conditions of development of the economy, and in particular of trends of demand, supply and price changes on foreign markets; directions of structural and technological changes in other countries; and also changes in the sphere of international financial relations;

--an increase in the role and quality of balance-sheet work as a prerequisite for improving the degree of the realism and intrinsic coherence of plans;

--the introduction of the principle of providing variants of basic planning solutions and calculations;

--an increase in the role of financial planning, which should lead to a fuller integration of the material-type plan tasks with the sources and methods of their financing, as well as to the mutual coordination of financial plans with the object of assuring the economic and financial equilibrium of the state;

--broader basing of planning on preplanning assessments; i.e., on various kinds of forecasts, studies and analyses representing the initial material for preparing socioeconomic (long-range, 5-year and annual) plans.

It is assumed that in the intended planning system all the basic categories of central plans will be altered. The guiding idea of these alterations is to be the strengthening of the 5-year plan in the entire planning system and the augmentation of its strategic functions. The prerequisites for it are, on the one hand, a firmer basing of the 5-year plan on the long-term concept of the country's development as formulated in the long-range plan and, on the other, the full consideration of the development assumptions of the 5-year plan in annual plans.

It is expected that the structure of the 5-year and annual plans will be changed so as to allow for not only the development decisions made at the central level but also the elements of forecasts and assumptions of socioeconomic policy, the instruments for implementing that policy, and information for enterprises and other plan-fulfilling units on the anticipated evolution of internal and external directions of action of the enterprises within the time frame of the plan.

Planning at Enterprises--General Principles

In accordance with the premises of the intended plan, planning at enterprises is to be based on the following principles:

--the content of plans and programs will be determined by the enterprises themselves on the basis of economic profitability analysis;

--the traditional method for determining production tasks and supply of means of production will be replaced with a system of contractual links among enterprises as well as between the enterprises and the supply and marketing boards;

--the need to draft plans at enterprises should ensue from the implementation of internal functions of the management of current and developmental activities of an enterprise;

--the informational basis for planning at enterprises will be information from the central level on the anticipated development conditions of the economy, information provided by the banks and in-house information and analyses by enterprises, inclusive of the information ensuing from contractual relations.

The principle of the autonomous preparation of plans by enterprises places them in a completely novel situation, reflected in the need to decide independently their own individual development concepts, to set up their own information bases for drafting plans and working out their own planning concepts (scope and content of plans, time frame of planning, its organization, etc.).

In the intended planning system the possibility of intervention by central authorities in the activities and planning of enterprises is restricted to special instances as primarily specified in Article 54 of the Decree on State Enterprises. Pursuant to the provisions of that article,the founding agency has the right to impose on an enterprise the obligation of incorporating a task in its plan or to assign to an enterprise a task outside its plan if this is required by considerations of the country's defense capability or in the event of a natural disaster or with the object of implementing international obligations.

When preparing their own plans of activities, the enterprises will guide themselves, within the framework of the mandatory principles and economic instruments, by studies of supply and demand on domestic and foreign markets, agreements with suppliers, consumers and other units, as well as preliminary agreements in this respect and the information ensuing from the assumptions of central and territorial plans.

It is expected that, under the new system, the crucial part of an enterprise's plan will be its financial plan, which expresses in monetary terms the whole of its operations and especially its effectiveness according to the yardstick of profit. The financial plan is to be the principal basis for the enterprise's application for a bank loan or, in special instances, for budgetary subsidies.

Links With Central Planning

Under the intended conditions for basing the operating system of the enterprises on the principles of autonomy, self-government and self-financing, the convergence between the directions of activity of the enterprises and the objectives of the state's socioeconomic policy as specified in the central plan can be assured primarily through the application of parametric instruments of control. In this connection, the application of administrative measures to influence enterprises must be fundamentally restricted except in instances specified by law.

The following are acknowledged as the basic means of linking the plans and actions of enterprises to the central plan:

1) the implementation of the state price policy, whose premises and regulative instruments should be reflected in planning at the central level;

2) the formulation of principles for the determination of economic management parameters and standards in accordance with the proportions of the central plan. The universal observance of these parameters and standards should guarantee consonance between the orientations of enterprise plans and the tasks and proportions of the central plan;

3) the adaptation of current and development outlays of the enterprises to the possibilities for their financing from their own resources as well as from repayable bank credit, upon the introduction of the complete financial accountability of enterprises within the framework of the self-financing principle;

4) the cooperation of enterprises in overall economic planning through the provision of central planners with appropriate information;

5) the treatment of orders from the state as the principal contractual form of direct participation by enterprises in the implementation of selected development projects with strategic significance;

6) the development of horizontal contractual ties among enterprises, upon assuring the institutional protection of consumers against monopolist practices of suppliers (arbitration, appropriate modification of economic pressure, etc.).

As a way of applying financial management instruments, the central level will indirectly determine the calculative and decisionmaking foundations of planning at enterprises.

The links between the central plan and the planning at enterprises will vary, depending on the objective conditions of the functioning and development of enterprises and particularly on the nature of production, changes in demand and production technology, the length of the retooling cycle and changes in the production system.

A relatively broader scope of direct links of this kind is presupposed in the planning of development projects as well as projects requiring longer periods of production retooling or a smaller frequency of changes in demand and production technologies. For their part, enterprises whose production is more flexible and is chiefly market-oriented, should be linked to the central plan solely through a bilateral flow of planning information. The bilateral flow of planning information between the central level and the enterprises is to be an essential factor in the procedure for linking enterprise plans to the central plan.

In the preparation of long-range and annual plans at enterpries, a major factor will be the information provided by the central level on anticipated changes in the prices and demand for basic raw and other materials and finished products on the domestic and foreign markets, as well as on the consequences of central investment decisions determining the necessary scope of adaptive action by enterprises. Other information to be provided by the central level will concern concluded or anticipated international agreements, anticipated import possibilities, financial parameters and standards, tax policy and anticipated subsidies, terms for obtaining bank credit for investment purposes and the state's socioeconomic priorities.

For its part, from the standpoint of external information needs, the central level will be interested in receiving from enterprises information on their planning intentions toward their own investments, especially those financed from their development funds, as well as on their production for market and export needs, on their imports financed from their own resources, on their wage funds and on their services for [payments to] the [state] budget.

The enterprises should also transmit an adequate planning-information package to the banks to which they apply for credit or, should they apply for budgetary subsidies, to the appropriate local boards for state revenues and financial monitoring. Moreover, the enterprises will be obligated to keep local authorities and local agencies of state administration posted about their decisions and intentions affecting the local situation (manpower needs, plant-financed housing construction, need for land, protection of the environment against pollution, etc.).

Directions of Planning Changes Within the Territorial Systems

The changes in territorial-system planning ensue from all the changes in the operating system of the economy. This concerns both the territorial cross-sections of the central plan and the planning conducted by basic- and voivodship-level local agencies of state administration.

In the territorial cross-sections of the state plan, allowance must be made for the enhanced role of the state's territorial policy in connection with the need for environmental protection under the new system of management and considerable autonomy of organizational units of the economy. Allowance should also be made for eliminating development disproportions among various regions of the country and solving many socioeconomic problems on the macroregional scale transcending the administrative boundaries of the territorial division of this country into voivodships.

On their part, the principles of the contents, methods and procedures of planning at the territorial agencies of state administration should be based on:

--greater, direct control to be exercised by these agencies over economic matters, in connection with the transfer of certain central functions to these agencies, especially regarding rational management of local districts and the satisfaction of the needs of the local population;

--stronger linkage of economic and territorial plans at the local level to the revenues of the local authorities and local agencies of state administration; that is, an enhanced role of self-financing;

--greater rights, and especially greater authority in enforcing coordination functions as transferred to the local authorities by the government; these functions--within a closely defined product [goods and services] scope--will apply to all organizational units [plant and equipment] under local jurisdiction;

--enhanced role of the initiatives and undertakings by territorial self-governments in the solution of local problems as well as broader problems involving neighboring territorial agencies.

It is assumed that coherence of central and territorial (voivodship) planning solutions will be achieved through the pressure exerted by central planners on regional policies, chiefly by economic instruments. Under the new system-type solutions, the plans of voivodships, cities and gminas will--like the plans of enterprises--be adapted to local administrative needs. The thematic scope of the plans and the organizational forms of planning will be the subject of autonomous decisions by local authorities and local agencies of state administration. These plans should be prepared on the basis of broad public consultation.

In the territorial planning system--just as in central planning--the role of 5-year plans will increase, especially at the voivodship level. The changes in the substance of 5-year plans will be oriented toward isolating the information-bearing part of the plan from the decisionmaking part, which concerns chiefly the units subordinated to the voivode [province governor], while at the same time specifying in the plan the instruments of economic pressure that can be exerted by local administration on the communal enterprises and institutions serving the public, as well as on the economic organizations guided at the voivodship level. A territorial part of the 5-year plan will also be prepared to allow for the adopted siting decisions and the environmental-protection measures. A major part of the 5-year plan should be the plan for financing the socioeconomic development tasks of the voivodship.

Annual planning should chiefly be balancing receipts and income of the voivodship budgets with expenditures and monitoring the extent of fulfillment of material-type tasks and of the satisfaction of the needs of inhabitants for the services (production) of the units of the communal economy.

Socialization of the Planning Process

An important guiding idea of the changes in the planning system is the socialization of the preparation process of plans. The social nature of planning should be primarily expressed in the acknowledgement of the priority of social needs and preferences as the basis for judging the merits of the plans, as well as in the observance of specific planning procedures assuring broad participation of the public and its representative bodies in the planning process and in the monitoring of plan fulfillment.

The role of the representative bodies (the Sejm, people's councils, worker self-governments) in planning should be expressed in their examination of plan assumptions as well as of development programs and all kinds of pre-planning assessments, conduct of the necessary consultations and reaching of necessary agreements, acceptance of plan drafts or of their specific elements and adoption of the related binding resolutions as well as monitoring and evaluation of the fulfillment of plans.

The participation of the public in socioeconomic planning, which will develop in full after martial law is ended, should assume various forms. These may include consulting the trade unions about plan drafts or their elements through the negotiation-and-agreement procedure, consultation on plan drafts or their elements with the proper scientific institutions and public scientific, technical and occupational-professional associations, which would provide professional reports and discussion of plan and program drafts and of the principal socioeconomic proposals with the concerned public groups.

A prerequisite for making the planning process truly public is the publicity of planning work and the accessibility of the related information (except the planning of defense-oriented production). There is also a need for a closer legal determination of the procedures for the participation of the public and its representative bodies in planning.

Planning Problems in the Interim Period

As outlined, the directions of changes in the planning system represent concepts of intended solutions. Their implementation will take place under exceptionally difficult conditions, which render impossible a speedy introduction of the economic reform in its intended shape and which require the introduction of certain alternate solutions for an interim period.

In the economic sphere, the necessity of interim solutions ensues chiefly from three factors: first, the foreign exchange limitations due to the considerable indebtedness of this country and the need to repay the obtained loans, along with the concurrent limitations on increasing exports as the principal condition for alleviating the problems in this field; second, the raw material limitations, which are partly linked to the mentioned limitations and partly to the domestic socioeconomic situation--to the decrease (for many reasons) in the extraction and production of those domestic raw and other materials, which are decisive not only to the normal operation of the processing industry but also the other subsectors of the economy and, as a result, adversely affect the consumer-market supply; and, third, the price restrictions ensuing from the as-yet incomplete adaptation of the price system to the actual ratios between supply and demand as well as to the social production costs.

These limitations necessitate basing planning in the interim period on certain solutions not envisaged in the intended system. This concerns in particular the rationing of basic raw and other materials, fuels and energy, as well as of foreign-exchange assets, and according priority to the supply of material resources indispensable to achieving the objectives of the socioeconomic policy (in the sphere regarded as priority in the Government Program for Surmounting the Crisis and Stabilizing the Nation's Economy) by means of "operative programs" to insure the supply of selected products at a level indispensable to meeting the elementary public needs. This also applies to the formulation, in the central plan, of comprehensive programs for the solution of the principal problems associated with overcoming the crisis--formulations to produce consonance among the social, economic and technical material aspects of these problems. Finally, this also applies to the employment of an atypical--because linked to the conditions of the interim period--procedure for establishing central yearly plans.

It ensues hence that the problems of planning in the interim period are problems of the transition from the traditional distribution planning system to the system outlined in the intended solutions for economic reform.

1386
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PROBLEMS, SHORTCOMINGS IN METALLURGICAL INDUSTRY ASSESSED

Economic Reform in Metallurgy

Warsaw ZYCIE WARSZAWY in Polish 22 Feb 82 p 2

[PAP news agency: "A Difficult Start of the Reform: Press Conference at the Ministry of Metallurgy and Machinery Industry"]

> [Text] (Our own service) The implementation of economic reform was the subject of a press conference on 20 January at the Ministry of Metallurgy and Machinery Industry. The organizers confined themselves to providing facts, leaving--perhaps justly--the conclusions and assessments to the journalists.

The first fact unfortunately is that, before the economic mechanisms at enterprises begin to function with full efficiency, which--if all goes well--will take at least 1 or 2 years, the very subject of reform may disappear. Production at the industrial plants of Warsaw and throughout the country continues to decline dramatically compared with last year. There are shortages of raw materials, semifinished products and imported parts; coproduction does not function well. In the last 3 years steel output fell to 14 million tons from 19.6 million tons and the output of rolled products, to 10 million tons from 14 million--and yet these are the basic raw materials of nearly all our factories.

Efforts to halt this process are not producing concrete results, which, when discussing economic mechanisms, should be not forgotten, despite everything. Are the managers of certain enterprises right, after all, in proposing that the list of shutdown and reduced investment projects be once more reexamined, because after 3 years it might be too late? Their constant song is, Give us investments and we shall make you happy.

And what is being done to utilize the available resources solely for what is needed and to alter production structures?

Moreover, the comments of the ministry spokesmen at that conference produced the impression that the relationship between the ministries and the enterprises is still in great flux and remains amorphous. The MHiPM [Ministry of Metallurgy and Machinery Industry] is still looking for a place for itself, for new functions to fulfill, and trying to distance itself from the current management, which is under such sharp criticism. It will fail to do so as long as the current operating programs continue.

Proceeding from the correct premise that the reform in practice will take place at enterprises, the ministry is attempting to "capture contact" with them and grant assistance but without making decisions for anyone. This is exactly the reason for these numerous conferences and debates at various levels and in various milieus, whose effectiveness is difficult to judge. Everyone is feverishly looking for a place of his own under the new conditions--whether at the top or at the bottom--but no one has found it yet.

The attitude of the enterprises, on the other hand, is generally as follows: Everyone keeps waiting for a series of basic laws and regulations without which there can be no long-range action. Along with on-the-spot knowledge of their own situation and expectations as to its development, [the enterprises] attempt to save themselves, sometimes by pursuing their own interests, as reflected in their joyful and unprecedented wild hiking of prices, which the ministry intends to combat not by directives but by persuasion, appealing for help from the tax authorities in extreme cases.

At the same time, plant managers are gradually adopting two different kinds of attitude. The better supplied, farsighted and self-reliant managers simply want the ministry to "leave them in peace" and genuinely attend to industrial policy, development plans or proposals to organize the subsector in the form of associations, concerns and combines. Others, who are still attached to the old style of action and who have been thrown into the deep water of the reform and sucked up by the crisis, have become hangers-on at the ministry (which fortunately is ceasing to be an organizational unit), where they beseech assistance, support or sometimes the removal of responsibility from their shoulders. Lastly, is the "golden mean"--rather slender, for the time being--when both parties are satisfied with their cooperation.

In one way or another, everyone concerned will still experience difficult times, because, if only certain issues on the MHiPM's list are considered, no proper solution has yet been determined with respect to cost accounting at enterprises--and without it, the whole reform will collapse--and the incentive system (this concerns the relationship between wages and labor productivity). Considerable doubts also are aroused by the current incentives for better, cheaper and more rational production, etc.

Superimposed on it all are the ordinary day-by-day difficulties: the struggle for every ton of raw material, for every component of a machine. There is one encouraging fact: The management of the MHiPM has not received any demands from enterprises to halt the economic reform and return to the directive-distribution system. Perhaps things will start moving after all.

Production, Economic Results

Warsaw TRYBUNA LUDU in Polish 23 Dec 82 p 5

[Article by Mieczyslaw Gajewski: "Performance Over 11 Months: Metallurgy and Machinery Industry"]

> [Text] On 22 December a group of journalists met with the minister of metallurgy and machinery industry, Zbigniew Szalajda. The conversation concerned the functioning of the ministry in 1982 and the preliminary results of the economic performance of metallurgical and machinery industry plants.

According to the information provided, despite the existing difficulties, most of the systems-type solutions contained in the so-called provisional measure (the 30 November resolution of the Council of Ministers) will be applied to plants subordinate to the ministry:

--as of 1 January 1982 the reform of the sale prices of raw and other materials and other means of production will be fully introduced;

--during the first quarter of next year the work to reassess the value of depreciated machinery, equipment, buildings and construction projects will be completed. This will enable the enterprises to conduct proper accounting of production costs. Inventories of materials and finished products will be calculated in new prices.

--the principles for taxing enterprises will function in accord with the premises of the reform.

Despite martial law, the implementation of the social agreements adopted by the government will be continued. Special annual bonuses for personnel with high seniority will be introduced in the metallurgical industry and paid on the occasion of the Day of the Metallurgist.

The work to amend the Shipyard Worker Charter also is continuing. It is expected that, among other things, the extra percentage pay allowance for seniority will be standardized and that the rights of shipyard workers will be extended to cover the service and maintenance employees of other enterprises--which are not shipyards--who permanently work at shipyards.

As indicated by preliminary estimates, during the first 11 months of the year now ending, the output of metallurgy and machinery industry plants totaled 769,629 million zlotys, a 94 percent overfulfillment of the annual plan so far. At the same time, however, the value of output was nearly 15 percent lower than in a like period last year. Export to II payment area [capitalist countries] declined by 17.3 percent, and total export, by 10.4 percent.

Although, as declared by Minister Zbigniew Szalajda, the enterprises exhibit an ongoing normalization process of work--improvements in labor discipline, production discipline and social discipline--the perturbations due to the disruption of coproduction supply links, the energy restrictions and the deficiencies in the supply of raw and other materials markedly complicate performance.

Decrease in Copper Production

Warsaw ZYCIE GOSPODARCZE in Polish No 49, 6 Dec 81 p 5

[Article by Jerzy Dzieciolowski: "Copper"]

[Text] There is less publicity about copper than about coal, or even sulfur. The copper basin experiences its own joys and miseries in obscurity, distanced from the principal economic events as well as events in the country's political arena.

This has always been so, except perhaps during the period of discovery of the deposits and the first investments in the Legnica region. This is quite peculiar since copper as a raw material is just as decisive to the economy's fate as other raw materials. This year we shall export an estimated 226,000 tons of copper (chiefly to Western countries). The price per ton of electrolytic copper hovers around the level of $1,600. Simple multiplication shows that the value of copper exports this year will be in the neighborhood of $360 million. Actually, this total is higher, because this year we will export 76,000 tons of copper in processed form (cable, sheet metal, etc.) and last year we received $200-220 more for each ton of copper sold in this form than for electrolytic copper.

The decline in copper production in terms of the finished raw material during 1981 is estimated at 8 percent. This can be considered as not too bad--if an 8 percent decline in annual output can at all be regarded as a reason for rejoicing--in comparison with the declines in the output of coal or cement. The decline in copper extraction is much greater, reaching 18 percent. If more copper is "on the market" than might result from the volume of its extraction, this is due to the utilization of stockpiles of copper concentrate. Thus, this year copper production is estimated at 330,000 tons (against 357,000 last year), plus about 50,000 tons of metal rec [illegible] from scrap (against 55,000 tons last year). What has caused such [illegible] such--a decline in output?

Until last August mines in the copper basin worked under the four-brigade system (6 days of work, 2 days of leisure on various days of the week). In contrast with coal mining, in copper mining the four-brigade system was fully staffed. Thus in copper mining, after they had worked "their" 6 days, increasing numbers of miners did not have work 1 more day to prevent the entire, incomplete brigade from suspending operation. Under this system the mines operated 7 days weekly. August was a month of protests in copper mining, not so much due to the pernicious work system, as in the coal mines, as largely because of differences in the financial and social status of coal and copper miners to the detriment of the latter.

For example, the average earnings of copper miners were 10 percent below those of coal miners. People began to quit working in copper mines. For this reason, among others, the four-brigade system collapsed (aside from the fact that it was an arbitrarily imposed system--something that never causes enthusiasm). The fulfillment of the just claims of the miners--work in copper mines is neither less arduous, less dangerous nor less insalubrious than work in coal mines--had no longer affected the system of the organization of labor since, as known, work-free Saturdays have been achieved throughout this country, so that the mine operates for 5 rather than 7 days weekly. Precisely this shorter operating time of mines is the principal cause of the decline in the extraction and production of copper. For daily extraction, amounting to 75,000 tons of ore, has not diminished but on the contrary climbed to 87,000 tons. However, this is due to the development of mines rather than to an increase in productivity. Productivity in tons per workday has fallen 8 percent.

The question arises whether the shorter operating time of mines might not be offset by intensifying extraction during the workdays of the week.

It is the specific nature of copper mining that, among other things, extraction proceeds at considerable depths at which rock temperature reaches 50°C and the output is performed with machines driven by internal combustion engines (the work is almost completely mechanized). As a result, the amount of air that can be pumped into the gangways is of decisive importance to the level of extraction. Of course the gangway capacity has its limits, as does the capacity of the ventilating system. Another limiting factor is the capability of horizontal transport. Both factors hinge on energy supply. Energy restrictions--energy needs will also be discussed--have also affected the Mining-Metallurgical Copper Combine, so much in fact that the combine's management threatened withdrawing personnel from underground because it lacked guarantees that the ventilation and transport system would function at a level ensuring total safety. The threat worked.

The fact that copper mining performs relatively well despite everything is due to three factors: the complementarity of that industry (it operates its own large repair plants and thus has less trouble in maintaining machinery and facilities in continuous operation--which does not mean that it encounters no problems with, for example, conveyor belts for transporters for which the plants in Zyrardow have a production monopoly); further, the fact that the copper mines and processing plants are central to the prosperity of the surrounding region; and, third, the fact that wages have been raised. In the first 9 months of this year the average monthly wage climbed 32 percent compared with a like period last year and now exceeds 10,000 zlotys.

Strictly speaking, the quantity of copper at the disposal of the country's economy somewhat exceeds the figures mentioned in the introduction. In addition to the copper produced (or, as the experts call it, primary copper--from the mines) and the copper recovered from scrap, the "inflow" side of the ledger also includes copper derived from work in progress (4,300 tons in the first half of this year), inventories (449 tons) and imports (415 tons in the first half of this year). Then there is also the metal deriving from the so-called differences in reporting (199 tons in the first half of this year). Altogether, the differential between the amount of copper produced plus copper recovered from scrap and the amount of hand amounts to several thousand tons. For example, in 1979, production plus scrap yielded 392,000 tons, but on the "inflow" side of the ledger 404,000 tons were recorded. Last year the corresponding figures were 412,000 and 421,000 tons, respectively.

The overall "inflow" for the first half of this year amounts to nearly 195,000 tons. What is the fate of that copper? How is it disposed; that is, what does the other, "outflow," side of the ledger look like?

The largest share goes for export. As noted in the introduction, we expect to export 226,000 tons this year. Let us consider in detail the distribution of those 195,000 tons of copper for the first 6 months of this year (for obvious reasons figures on the entire year are unavailable).

Nearly 108,000 tons was assigned for export, with the remainder staying in the country. More than 50,000 tons went to the metallurgical industry for processing into copper products (29,000 tons), brass (5,800 tons), bronze (9,100 tons) and other production purposes (5,700 tons). The machinery industry received 34,000 tons (all destined for the production of cable and leads). Slight quantities reached the former heavy and agricultural machinery industry (332 tons). The remainder, about 1,400 tons, was distributed among so-called remaining consumers.

Of the total amount of copper exported, 76,400 tons was sold in the form of electrolytic copper and semifinished products, of which 9,700 tons to I payment area [socialist countries] and as much as 66,700 tons to II payment area [capitalist countries]. The [finished] copper products sold in terms of pure metal amounted to 12,400 tons (10,000 tons to I payment area and 5,800 to II payment area) [as published]. Also exported were alloys containing 141 tons of copper and copper-containing scrap (940 tons). The machinery industry exported 17,700 tons of copper in its products. A major item in these last exports was, for example, automotive cooling systems, whose production consumed about 10,000 tons of tape manufactured on the basis of copper.

The position of exports in the balance sheet of copper makes fundamental the question of whether these exports are profitable. The experts state tersely, yes, we really do not know. The cost of producing 1 ton of electrolytic copper is of course calculated and it is possible to determine whether the foreign exchange gained from its sales is indeed profitable or not (naturally, in such cost analysis the rate at which the convertible currency is computed is essential: 30, 70 or perhaps 100 zlotys per $1. Such calculations are, however, basically of a report-balance sheet nature instead of the substructure of economic decisions. This is because the calculation of the unit production cost per ton of copper includes the unit energy cost but does not include the outlays required for energy generation; that is, the so-called drawn accounting, which would include the cost of extracting the energy source (coal, crude oil), its processing, etc., is not performed. The price per energy unit is also divorced from the actual cost, and this costly friction is transferred to the products. Such nonsense should be eliminated following the change of producer prices; that is, following the determination of such prices for the principal raw materials and energy sources, which would reflect the actual cost of their production.

To illustrate the fundamental importance of knowledge of the outlays on energy media to determining the profitability of copper production, consider the following figures. The production of 358,000 tons of copper last year consumed, among other things, 218,000 tons of coke, 110 million cu m of gas, 15,000 tons of liquid fuels and 517 billion kwh of electrical energy. After all these kinds of energy are converted to thermal energy, the production of 1 ton of electrolytic copper requires 7,270 megacalories (exclusive of the energy required to extract the copper ore). Comparison of these energy outlays with their counterparts needed to produce other basic economic raw materials reveals that 1 ton of sulfur produced by the flotation-refining method requires 984 megacalories, and produced by the underground-melting method, 1,729 megacalories; 1 ton of 75 percent raw carbide requires the supply of 6,707 megacalories. It should be recalled from the study of chemistry, however, that ammonia is the raw material for the production of carbide and that the modern method of producing ammonia from gas requires 6,[illegible]30 megacalories.

Thus, copper is a raw material in whose production the use of energy is a fundamental item. Hence, any discussion of the profitability of copper sales without familiarity with such an important cost factor as energy is indeed pointless. Certainly, on the other hand, copper is one of the few products that we are selling without any major problem at the prices binding on the world market (not to mention the billions in credit granted us in return for our shipments of copper).

The construction of the Copper Mining and Metallurgical Combine has cost 70 billion zlotys since its commencement. These outlays will be repaid this year. Copper provides and will continue to provide foreign exchange revenue to the economy while at the same time burdening the state exchequer with its needs to a lesser extent than in the previous years. But as to the manner in which we can utilize and dispose of that income--that is another matter.

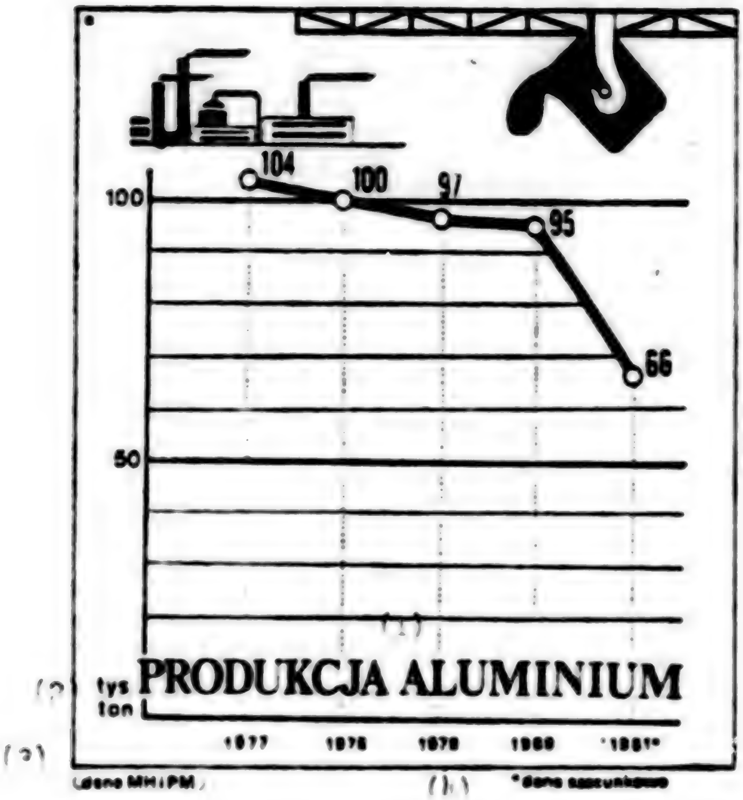
Aluminum Production

Warsaw RZECZPOSPOLITA in Polish 18 Jan 82 p 4

[Article by jtm: "Aluminum--Chiefly From Imports"]

[Text] The production of aluminum has stabilized in the 1970's at the level of 100,000 tons. The decline to 66,000 tons in production during 1981 was not, as in the other subsectors of metallurgy, due to shortages of energy, coke and raw materials; instead, it was due to the decrease in production capacities owing to the shutdown of the metallurgical plant in Konin, which had been adequately supplied with imported alumina and with energy.

This year our aluminum demand (about 180,000 tons) will be met by importing alumina and finished aluminum, chiefly from countries of II payment area [capitalist countries], because our own production will probably not exceed the level of 50,000 tons.



Key:
(1) Aluminum Production
(2) 1,000 tons
(3) MHiPM [Ministry of Metallurgy and Heavy Machinery] data
(4) Estimated

Copper Production

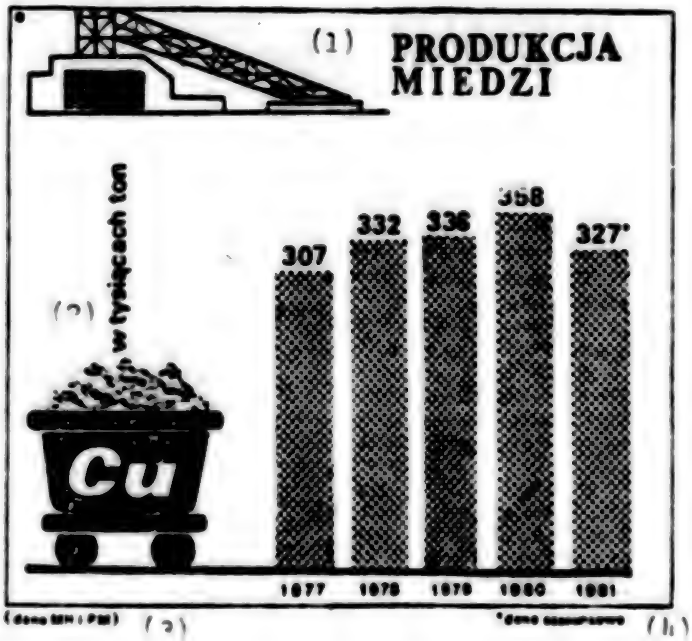
Warsaw RZECZPOSPOLITA in Polish 20 Jan 82 p 4

[Article by jtm: "Copper Production Could Be Greater"]

[Text] Last year, according to preliminary estimates, the metallurgical industry provided 327,100 tons of copper, or about 13,000 tons less than stipulated in the revised plan after the first half of the year. The principal cause of the decline in output was the decline in ore extraction due to the marked decrease in the degree of utilization of mine production capacity. The situation was redeemed by the relatively high level of ore stockpiles.

Despite the depletion of these stockpiles, there is a real chance for halting the decline in copper output. The forecast for the first quarter of the year mentions an output level of 77,000-80,000 tons but an increase in the operating time of the mines (through work on Saturdays) makes it possible to exceed the planned quantities of ore extraction.

This is of tremendous importance, primarily from the standpoint of the balance of payments situation. Copper is one of our basic export specialties and we shall be able to sell the greater part of its output in the abroad chiefly to the free foreign-exchange zone. The price forecasts for the present year are favorable: A price rise of from several to around 15 percent is anticipated.



Key:
(1) Copper production
(2) in 1,000 tons
(3) MHiPM [Ministry of Metallurgy and Heavy Machinery] data
(4) *Estimated

1386
CSO: 2600/391

PROBLEMS OF FOOD INDUSTRY SUMMARIZED

Warsaw ZYCIE GOSPODARCZE in Polish No 3, 7 Feb 82 pp 6-7

[Article by Wlodzimierz Kaminski: "Food From Factories"]

[Text] Agriculture and the food industry are the two basic elements of food production. Results of the food economy depend on their level and cooperation. One element is not free to develop without neglecting the other; moreover, one element is not free to develop without cost to the other.

Unfortunately, this obvious thesis has not always been observed. For example, in the 1960's (and especially in the period from 1966 to 1968) an increase in outlays for agriculture which produce a rapid increase in the yield of marketable crop production was not accompanied by corresponding funds for the food industry. Today, and especially in the last few years, we again have to deal with an imbalance in the food economy--only the roles are reversed. The agricultural "raw materials barrier" is, unfortunately, an objective fact that is exceptionally painful both for the food industry and the entire national economy. It has two aspects: production and trade, i.e., it concerns both production and turnover.

Policy mistakes in agriculture, which, in part, concern farms, have gone into the make-up of the raw materials barrier. Added to this are the detrimental effects of several years of bad harvests. The raw materials barrier in the area of turnover has risen in the latest period against the backdrop of a general weakening of goods-money ties between town and village, a decline in confidence in money, and especially and foremost because of insufficient deliveries of production means and manufactured market goods (nonfood) for the village.

I think that one of the causes of this state of affairs in the past was the failure to assess the objective regularities and tendencies in the modern food economy systems being created, as well as the failure to protect against the inevitable necessity of changes in the ratios and significance of particular elements in the economy. Specifically, this has been felt by us in part in the failure to assess the need for development in the sphere of procurement, stockpiling, turnover and the food industry (sometimes treated as a tax on agriculture under the name of "agro-food processing)."

Meanwhile, in many countries modern food industry has become an integrator of the food economy. This is all the more reason that we in Poland must fulfill this role, where three-quarters of our agriculture belongs to an individualized private sector. And about 80 percent of agricultural marketable crops goes to socialized procurement from which a predominant part is assigned to the needs of the food industry. In some branches (for example, sugar, tobacco and vegetable oil industries), 100 percent of agricultural marketable crops are absorbed by the food industry. Meanwhile in the 1970's, the food industry was deprived of its own raw materials services, which significantly limited its direct cooperation with agricultural producers.

Among the other deficiencies in food industry's cooperation with agriculture, one can mention:

--a weakness or decline in the food industry's plant partnership unions with agricultural producers;

--a significant diffusion of supply and a small degree of concentration and regionalization of production in the amount of procured products;

--an insufficient warehouse network without adequate procurement storage capacity and turnover causing losses and waste of raw materials;

--shortages in equipping special transport resources, as well as paraphernalia and devices for quickly and objectively estimating procured products.

We face the necessity of reforming the principles of cooperation between the food industry and agriculture. There must be partnerships within whose framework the food industry, as an integrator of the food economy, should assume many agro-zootechny council functions, as well as material-technological and production supply functions. It should also assume a role in providing guarantees, and the like. Regarding agricultural producers, these things ought to be generally implemented and full responsibility assumed for properly executing them.

The Market and Food Consumption

Our home market is the main consumer of the food industry's products. In 1980 the food industry sold 92.2 percent of its products at home and exported only 7.2 percent (at the same time in 1980, the food industry imported prepared products at a quota greater than the value of export). In 1981 and 1982 these ratios continue to demonstrate the growing importance of deliveries to the home market. In implementing these basic tasks, the food industry faced--especially from 1980 to 1982--such difficulties as:

an avalanche-like increase in the demand for food (rapid increase in wages, excessive growth in the demand for food in connection with the low level and stabilization of retail food prices, an unfavorable ratio between food prices and industrial goods, and insufficient market supply of industrial goods), as well as a raw materials barrier (an inadequate agricultural production rate, a bad harvest of crop production in 1980 and a drop in animal production in 1981 and 1982).

In connection with this, the country's food market collapsed in 1981, and it was necessary to initiate food rationing on somewhat of a general scale. Exclusively attributing this state of affairs to the conditions of 1980 and 1981 or to the bad harvest in agriculture in 1981 would be an oversimplification.

In the years from 1970 to 1980 food industry products can be divided into two groups:

1--products not showing developing in market deliveries (the 1980 level not higher than 110 percent in comparison with 1970);

2--products with a very strong growth rate (150 to 200 percent and higher).

To the first group belong, in part, bakery goods, flour, wheat, sugar, vegetable oils and animal oils (without fat) and the like. To the second group--meat and meat products, butter, milk, cheese, eggs, chocolate and chocolate products, and the like.

From the point of view of the general order of things, profitable elasticity of demand, and experiences of other countries, as well as the assumptions of food science, these trends are to be expected and, in principle, are valid. One is not free, however, to allow such violent changes in the rate of development between groups one and two, as happened in 1970 to 1980 in Poland. Products of group two (animal products) are indeed very expensive from the point of view of fodder consumption.

A nutritive analysis of the structure and level of consumption completed in the 1970's allows one to state that the energy value (gross) per inhabitant per day (about 3,500 calories in 1980) was entirely adequate and was characterized, in principle, by a proper allotment of carbohydrates, fats and protein (including animal protein). Obviously, there have been, and there continue to be, significant deviations from the average statistical level of food consumption. According to preliminary estimates from research on family budgets, 10 percent of the people at the end of the 1980's will be nourished below the established food norms. This particularly concerns persons earning low wages and families with a lot of children. Our present food policy must devote more attention to this problem in light of retail food price reforms and the compensation system.

In assessing the PRL's [Polish People's Republic] main food policy problems of the 1970's, critics must submit for examination not only the increase in meat consumption from 53 kg in 1970 to 70.3 kg in 1975 and to 74 kg in 1980 (at the world scale the period from 1970 to 1975 had the highest increase in meat consumption among the many countries researched; for example, from 1970 to 1975 this increase in Spain amounted to 16 kg, in Bulgaria 14 kg, in Holland 13 kg, in the NRD [German Democratic Republic] 12 kg, in the CSRS [Czechoslovak Socialist Republic] 10 kg, in the WRL [Hungarian People's

Republic) 9 kg, in Sweden 7 kg, in Italy 5 kg, and the like, and in Poland 17.3 kg), but even the fact that this increase was achieved under excessive pressure from the domestic market beyond the country's realistic economic possibilities and based mainly on the import of grain and fodder (partially on credit). In other words, we imported grain and fodder not for meat export production purposes but for the needs of a sharply increasing national consumption.

According to computations for 1979, 27 kg of individual meat consumption (i.e., 37 percent) was based on the net import of grain and fodder. The situation was also not any better in 1980. In sum, the level of food consumption attained in 1980, especially meat consumption, neither covered the country's agricultural production nor the possibilities of the whole of our economy. Under these circumstances a bad harvest in 1981 and an increase in the rate of wages, which began in 1980, thus only hastened the inevitable collapse of the food economy and the level of consumption.

From 1981 to 1982, under the pressure of shortages and necessities, there was, and continues to be, a real change in the level and structure of food consumption; moreover, these changes, to a varying degree, affect particular income and socioprofessional groups as well as the town and village. One common feature, however, in all of this is the significant departure from the model of consumption that tends toward the importation of expensive meat. Hence, the food industry has the task of quickly developing production, particularly in branches based on the country's raw materials, i.e, partially, in the milk, sugar, wheat-flour, baking, potato, fruit and vegetable industries.

Food Export and Import

Today, when we have tremendous difficulties with ensuring the feeding of our own society, when the problem of food security has become the number one problem of our present policy and economic activity, one could apparently be of the opinion that talk about foreign trade, especially export of agro-food goods, is out of place. Such reasoning, however, would not be to the point.

Let us remember that Poland was well-known and respected in the world for dozens of years as an exporter of many agro-food goods (livestock for slaughter, bacon, ham and preserved meat, eggs, sugar, potato flour, frozen fruits and vegetables, and the like). Altogether in the period from 1945 to 1970, our food export was higher than our import. The balance of foreign trade in agro-food goods was positive, and the food industry was a provider of foreign exchange. The advantageous, positive element in the situation at that time was the fact that we mainly imported agricultural raw materials and exported finished products of the food industry at a higher value than raw materials. This was, therefore, a profitable form of processing operations export.

Having begun in 1973 and 1974, our foreign trade food situation began to worsen violently--mainly under the pressure of rapidly growing food needs of the national market and in connection with the lack of progress in agricultural production in the second half of the 1970's. Export of products was subjected to restriction, and import of raw materials (mainly grain and fodder) grew. In terms of current prices, which in the decade of the 1960's increased rapidly, the value of food import in the years fron 1979 to 1980 increased nearly five times, while export increased only two times. In 1980, we had a favorable balance in foreign trade not only in agricultural raw materials turnovers but--for the first time--in food industry products turnovers as well. Altogether food import in 1980 was, according to value, more than twice as high as export. In 1981 and 1982, our foreign trade situation was still complicated. And, lately, restrictions introduced by some capitalist countries have intensified these difficulties even more.

Under these circumstances the slogan, "We can and we must feed ourselves," i.e., Poland's achieving food self-sufficiency, assumes particular importance. Obviously, it is not possible to implement this goal right now, given the difficult and complicated circumstances existing at the beginning of 1982. That is why food aid provided us by other countries, especially socialist countries, is of such great importance. In the future, however, we must really be able to feed ourselves.

This thesis should not be construed as a primitive autarky and a relinquishment of Poland's share in world food trade. For this is a question of self-sufficiency not in all but in the chief raw materials and products, as we establish further export specialization in selected areas and supplement ourselves with (and not directly depend on) imports of other needed raw materials and food products. This increases our food security and makes us independent of political, speculative conditions or conditions dictated by existing state of affairs in the world market.

In light of such assumptions, the export role of these Polish food industry products will grow exceedingly in the future. These products, because of their quality, tradition and name, have a chance once again to play a role that they have played many times in the past.

The Nearest Task

The deep imbalance in which the food economy now finds itself consists in the enormous disproportion between agriculture's raw materials and the country's food demand. The way out of this imbalance requires a complex and cohesive operation relating to both production and supply and demand.

In the area of creating conditions for overcoming the agricultural raw materials barrier, there is the ever timely slogan "Everything for agriculture, everything for the food economy." Above all, one should, and in a fundamental and painstaking way, overcome the barrier of the inability to convert industry in favor of a maximum increase in the manufacture of production means for agriculture (particularly for private farms) and the food industry. In participating in the restoration of agriculture's raw materials base, the food industry ought to restore fully and as quickly as possible the highly qualified raw materials services and ensure an effective, partner-like style of cooperation with agricultural producers. One should ensure a complex and effective utilization of valuable agricultural raw materials and keep food losses to a minimum in production, turnover and storage.

In the area of food demand, the guiding rule for price reform and directions in developing the food structure should be formed of such internal price ratios of basic food goods which would, more than is the case now, favor supporting the feeding of our people with our country's raw materials stocks and decreasing our dependence on costly import of grain and fodder. This means the necessity of a partial revision and correction of food programs operated in the past--most of all, in the direction of restricting the excessively high growth rate (in relation to national income) and the future level established for meat consumption. This results in the need for particular branches of the food industry to really restructure themselves in the direction of the dairy industry as well as the native industries processing crop raw materials.

Likewise, the preferred goal in technical policy is the modernization, reconstruction and best utilization of existing plants with particular regard to small local plants that are working for the needs of the local market.

Food Industry in the National Economy (According to 1980 Data)

Specification	Unit of measure	Total socialized industry	Including food industry	Percentage of food industry share in total industry	Food industry's place among	
					22 subsectors of industry	9 group subsectors of industry
Employment	1,000 persons	4,742	526	11.1	1	4
Global production	billion zlotys, comparative prices	2,160	326	15.1	1	2
Sales	billion of zlotys, market prices	3,134	644	20.5	1	2
Deliveries to market	billion zlotys, retail prices	1,411	542	38.4	1	1

9866
CSO: 2600/373

UTILIZATION OF FOREIGN AGRICULTURAL EXPERIENCE CONSIDERED

Warsaw NOWE ROLNICTWO in Polish No 17/18, 1-30 Sep 81 pp 1-3

[Article by Krzysztof Hofman and Krzysztof Michalski: "Possibilities for Utilizing the Experience of Economically Developed Countries in Polish Agriculture"]*

[Text] Agriculture and agricultural policy face in coming years the difficult task of increasing output not only in order to satisfy domestic food needs but also to attain the largest possible additional positive balance of foreign trade in agricultural products.

The accomplishment of this task will require intensified effort by both agricultural producers and the industries and institutions serving agriculture. Apparently, in this difficult period, an analysis of the experience of economically developed countries may contribute to a more effective increase in Poland's agricultural output. The experience of these countries may be particularly essential with respect to:

--the role and place of agriculture in the national economy;
--providing agriculture with the means of production;
--the system for financing agriculture;
--instruments for directing agriculture;
--influencing changes in the agrarian structure.

The specific nature of agriculture, manifested in great dependence on weather, as well as the different socioeconomic and political directions of development of this sector of the economy is such that any direct application of even the best solutions in the developed countries cannot always provide a panacea for the ailments of Polish agriculture. However, in every country the development of individual sectors of the economy, including agriculture, follows certain general patterns, which may be effectively applied to another country. Hence, an analysis of the developmental processes in the agriculture of the economically developed countries would serve to avoid their mistakes.

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A general rule based on analysis of the economic development of the developed countries, is a decline in the share of agriculture in the national income, employment, investment outlays, etc. For example, in the FRG the share of agriculture in created national income has decreased from 5.8 percent in 1960 to 2.7 percent in 1978; its share in employment decreased from 14.0 percent in the 1950's to 4.0 percent in the late 1970's.[1] In France, agriculture accounts for about 5.0 percent of the national income and employs 9.0 percent of those working, whereas in the late 1930's its share was 35.0 and 17.0 percent respectively.[2] Similar processes are observed in the agriculture of the Netherlands. In 1960 in that country the share of agriculture in the national income reached 10.6 percent, whereas already in 1979 it was only 5.0 percent. Employment in agriculture there correspondingly fell from 10.5 to 5.8 percent.[3]

The decline in the share of agriculture in the development indicators of these countries does not signify, however, that the importance of this economic sector has decreased. On the contrary, along with the progress of industrialization, the role of agriculture in the economy is steadily growing. This is because, on the one hand, agriculture as the raw materials sector of the economy preconditions the development of many subsectors of the processing industry, which supply the market with the greater part of consumer goods and, on the other, in modernizing itself, agriculture is a capacious market for up-to-date means of production supplied by various subsectors of industry.

Despite various efforts, in recent years the external conditions of the development of Polish agriculture have not improved sufficiently to assure a consistent increase in the production of foodstuffs. For the last 20 years, more or less, only about 10 percent of industrial output has been allotted for the production of food; of this amount, barely 6 or 7 percent has been allocated for agricultural production itself. Undoubtedly, during the next few years the food problem will be solved and the sphere of the production of supplies for agriculture adapted to this task. From this ensues the need for fundamental reconstruction of the structure of our industry so that it can cope with the current and future needs of agriculture for the means of production. Also indispensable is the development of the industries processing agricultural raw materials, since they are a pivotal factor in the modernization of agriculture and the increase in its productivity. The siting of food-industry plants should be closely linked to the geographical distribution of the regions providing the related raw materials. The great bulk and perishability of such raw materials as well as the danger of their spoilage during transport and storage, as well as the rising cost of transport, place a premium on building medium-sized plants.[4]

Assuring agriculture an adequate supply of the means of production does not have to be--and even may not be, given the current level of technology--based exclusively on the domestic industrial base. In this respect, even the most developed countries benefit from the international division of labor, specializing in the production and eventual export of some means of production and import of others.[5]

in Poland's case the possibilities for participating in the international division of labor in this respect result chiefly from its membership in CEMA and concern mainly the production and supply of agricultural machinery, equipment and tractors as well as of the means of transportation; this would contribute to a fuller supply of agriculture with the necessary range of equipment and to improvements in the quality and reduction in the cost of producing that equipment. However, in practice, cooperation with the CEMA countries in this field is developing weakly. It is not assisted by the independent decisions of certain CEMA countries to expand their agricultural machinery and tractor industries. A glaring manifestation of these tendencies was, among other things, Poland's decision to start manufacturing the Massey-Ferguson tractor, which is based on a nonmetric system.

Obviously, such conditions completely eliminate the possibilities for mutual deliveries of tractors and, especially, subassemblies and spare parts among CEMA countries. Similarly, the implements designed for the new tractor differ fundamentally from those designed for tractors manufactured by other socialist countries. In effect, Massey-Ferguson tractors cannot be combined with the agricultural implements imported from the socialist countries.

In addition to the quantity of the means of production directed from industry to agriculture, the comprehensiveness is also of essential importance to the increase in agricultural production, since it determines the effective utilization of discrete components. For Polish agriculture, the harmonization of those elements that affect the growth in soil productivity is of special importance. This applies in particular to the supply of mineral fertilizers and the outlays on land reclamation. In agriculture, the effective utilization of a given production factor hinges on the maintenance of proper proportions among individual production factors. Until the late 1960's, mineral fertilizers were a factor limiting the increase in soil productivity. As the supply of these fertilizers to agriculture improved, other limiting factors, which prevent the full utilization of the increases in fertilization, began to be felt. Such a factor is the absence of regulated water conditions in the soil.

The experience of economically developed countries indicates that water reclamation and other elements of the production infrastructure are among the most effective agricultural investments. Hence it is indispensable to allot for this purpone much greater funds than previously.[6]

Increasing the output of agriculture also requires the optimal internal structure for means of mechanization. It is important, for example, to maintain the proper proportions between the number of tractors and their implements, between automobiles and self-propelled machinery, between the machinery pool and the production of spare parts, between the number of vehicles and the production of tires and batteries.[7] A basic factor in reducing the effectiveness of investments in the mechanization of Polish agriculture has been the lack of comprehensive mechanization of technological lines in crop production. Hence also the investment programs for the next few years compared with the past should contain to a greater degree elements to expand the production potential of the industries producing machines for the cultivation, harvesting and storage of fodder crops, as well as for the cultivation and harvesting of industrial and root crops, chiefly sugar beets, potatoes and oleaginous crops.

Of interest to stimulating the development of our agriculture may be the results of the reform of the Hungarian agricultural management system. In 1968, major changes took place in the national economy of Hungary. They affected the food complex to an equal degree. These changes were primarily intended to modernize the food production system, streamline production and provide enterprises with considerable autonomy. The next stage of changes in the food economy took place in 1980. Their fundamental purpose was to increase the growth rate of the economy and expedite the adaptation of production to the food needs of the country, and to the needs of the food industry and exports.

These changes also are intended to restore the economic equilibrium of the Hungarian economy and to standardize further the economic management system of state enterprises and producer cooperatives. This reform also has introduced major changes in the price, tax and subsidy system.[6]

The basis for the changes in the functional system of the socialized sector in Hungary has been the standardization of principles for assessing the land tax in state enterprises and producer cooperatives with similar profiles of production. Changes also were introduced in other forms of taxation; namely, in the production tax, self-government tax and insurance tax.

Subsidies play a major role in the investment activity of the socialized sector. Beginning with 1980, the overall amount of subsidies in Hungary may not exceed a specific percentage of investment costs; similar principles apply to the acquisition of new machinery and equipment. Subsidies for augmenting working capital on industrial farms have been abolished; this apparently should contribute to increasing the cow population.

The next factor intended to increase the operating efficiency of the Hungarian economy was the changes introduced in 1970 in the system of producer prices. The basic principle controlling these prices--with the exception of the prices of energy sources, raw materials, basic materials and high-bulk products--is the world price level, with allowance for weak movements of world prices. The changes in agriculture are primarily intended to give priority to the procurements of high-grade varieties of grain and sunflower. In animal production these changes should contribute to more effective fattening--hence the lower weight limits for hog procurements have been reduced and even a degressive price system has been applied to the procurement of baby beef. Producer prices have increased--for protein feeds, by 25-30 percent--while the prices of imported feeds are proportional to their import prices. The prices of agricultural machinery and equipment, chemicals, building materials and energy and energy sources also have been increased.[7]

Noteworthy are the following two matters: First, in Hungarian agriculture, taxes are used to solve problems that in our country have been regulated by directives. Second, the subsidy system for enterprises fulfills functions as an authentic stimulator of production and income instead of being--as is often the case in our country--merely a "lid" for covering up uneconomical management and inefficiency.

The interest in increasing production in economically developed countries has influenced a rapid rate of change in their farm structure. The specialization and concentration of production have resulted in a larger scale of production, facilitated the mechanization and streamlining of production methods and achieved a major increase in labor productivity and effectiveness of investment.

The changes in the economics of private farms, reflected in the development of specialization, concentration of production, and technological progress, have led to increasingly stronger linkage between production shops and the processing industry as well as enterprises dealing in the procurement and export of agricultural products.

Broadening the application of particular instruments of agricultural policy, the governments of economically developed countries have become unusually active in the functioning of the food system. For example, a characteristic feature of the agricultural policy of the Netherlands is the extensive linkage among state agencies, peasant organizations and the rural cooperative movement in working out the principles [of that policy] as well as in their implementation.[10]

The basic element of that policy is land management. Recent land integration measures have involved several villages at a time and are intended not so much to eliminate the checkerboard of plots as to represent a complex whole of measures deeply transforming and modernizing agriculture in the region. For several years prior to the actual integration of land, the state buys land from farmers who have no heirs and move to newly developed polders. That land is destined to augment the area of excessively small farms during the period of the land integration. The integration of lands is accompanied by other investments such as the modernization of the land reclamation systems and power supply and water supply networks construction of local roads, etc.

The state's assistance to agriculture in the German Federal Republic is chiefly the allocation of appropriate funds to this sector of the national economy. They are, however, intended solely to complement the personal resources of producers and sponsor new interesting solutions that ultimately contribute to a further increase in production. This assistance is also linked to streamlining production to assure the introduction of technical progress. The FRG agricultural policy explicitly tends to give priority to economically backward regions, as reflected in, among other things, the creation of the proper infrastructure.[11]

The financial assistance of the FRG to farmers is not the only form of cooperation between the government and producers. Favorable conditions have been provided for a far-reaching initiative by farm owners. For example, the need to raise the income level of the rural population compels a gradual augmentation of farm size; in this connection, the predominant type of farm in the FRG is the family farm utilizing its own manpower resources supported by equipment that can be acquired and effectively utilized. Mean agricultural employment in that country is 9 persons per 100 hectares of cropland--which is low; in the category of farms exceeding 50 hectares in size a level of

4.0 persons per 100 hectares of cropland has been attained. These indicators are much lower than on our state farms; in this connection, in the FRG the manpower shortages are offset by the high level of technical equipment of the farms. This effect is illustrated by the following figures: Tractors and agricultural machinery accounted for 7.6 percent of the overall value of the output of machinery industry in 1978 and this share continues to increase slowly but surely despite the high technical level of equipment for agriculture. The indicator of fertilizer consumption, at a high level (255.8 kg of NPK [nitrogen-phosphorus-potassium] fertilizers per hectare of cropland) is also rising, though to a slight degree; in this connection, multiple-ingredient fertilizers are of particularly great interest to producers.

In all the economic conditions determining agricultural production and its income situation, an essential role is played by the prices of farm produce and the prices of the means of production acquired by farmers. In Sweden, for example, the price indexes of crops are consistently lower than the prices of the means of production, which rise most often at a rate ahead of the rises in the prices of farm produce. At the same time, the steady tendency toward the equalization of prices and their adaptation to the rising production cost has also been associated with the steady rise in wages both in industry and in agriculture.[12]

A basic premise of Swedish price policy is the consistent monitoring and improvement of the profitability of agricultural production from the private and public standpoints. The point of departure is the production cost for farms whose size and effectiveness are considered suitable at a given point of time. Such farms are termed "bass jurdbruk"; thus they correspond to a "rationality minimum"--from the public standpoint. The area of such farms changes both in space and time, depending on the structure of production and the level of its intensiveness. Farms producing at higher cost than the "bass jurdbruk" do not assure the desired family income and thus are inefficient from the public standpoint. Such farms are subjected to a process of rationalization whose main form is the augmentation of their area through the acquisition or lease of land and the combining of several farms into one. Such a process is strongly supported by the state; it is assisted by an appropriate credit and tax policy.[13]

A somewhat different solution regarding price policy has been adopted in France. In view of the interests of the consumers and the competition of other Common Market countries (Belgium, the Netherlands, Denmark), which produce at lower cost, the French government attempts to increase agricultural prices as slowly as possible, despite the consistent pressure by producers. In such a situation the living standards of the rural population can increase only through higher labor productivity as calculated per person employed in this sector of the national economy; that is, by means of a reduction in the number of farms and an increase in their average size, along with the simultaneous exit of people from agriculture.[14]

Analysis of changes in average farm size in economically developed countries leads to the conclusion that these changes, too, take place with active participation by the state. In the Netherlands, for example, the medium and large farms with incomes at least equal to the average wage level in other sectors of the economy receive explicit credit and tax-relief priority as well as priority in assistance in the modernization and specialization of their production. State programs for improvements in the agrarian structure are being implemented in a planned and consistent manner by land integration and settlement on polders as noted previously. Lands owned by the state and purchased from owners of small farms, without heirs, are used to augment the area of other farms and improve field layout. It appears that this kind of procedure represents an insufficiently utilized chance for guiding in the proper direction the changes in the agrarian structure in our country. Leasing is of major importance to the shaping of the proper--from the standpoint of the conditions of production--agrarian structure. In the Netherlands more than 20 percent of farms operate on entirely leased land, while nearly 40 percent of producers lease part of the land that they use. Barely 38 percent of the farmers work their own land exclusively, and that mostly on the smaller farms, whereas the medium and large farms extensively base their production on leased land.[15]

Leasing is also a convenient form for farmers without heirs, who often, when they reach the retirement-pension age, are reluctant to sell their land and instead prefer to lease it and thus to receive additional income.

As demonstrated by the Dutch experience, leasing as a form of land use enjoys considerable popularity among farmers; the benefits that it produces encourage its continuing expansion. This direction of action has not as yet been properly utilized to affect the transformations in the structure of land use in Polish agriculture.

FOOTNOTES

1. Z. Kierul, "Mozliwosci sterowania rozwojem gospodarstw indywidualnych na przykladzie Niemieckiej Republiki Federalnej" [Possibilities for Guiding the Development of Private Farms as Exemplified by the German Federal Republic].

2. J. Wierzbicki, "Czynniki rozwoju rolnictwa we Francji" [Factors in the Development of Agriculture in France].

3. J. Okuniewski, "Determinanty rozwoju rolnictwa Holandii i mozliwosci ich wykorzystania w Polsce" [Factors Determining the Development of Agriculture in Holland and the Possibilities for Utilizing Them in Poland].

4. Okuniewski, op. cit.

5. M. Adamowicz, "Czynniki wzrostu produkcyjnosci w rolnictwie Kanady" [Factors in the Growth of Productivity in the Agriculture of Canada].

6. It should be emphasized that the annual extent of areas under land reclamation has in recent years been steadily diminishing; during the 1975-1979 period it fell from 230,000 hectares to 114,000 hectares.

7. M. Adamowicz, op. cit.

8. A. Bielski, "Usprawnienie systemu funkcjonowania gospodarki rolnej Wegier" [Streamlining the Operating System of Hungary's Agriculture].

9. Ibid.

10. Okuniewski, op. cit.

11. Kierul, op. cit.

12. J. Gorecki, "Czynniki dynamizujace rozwoj rolnictwa szwedzkiego" [Factors Stimulating the Development of Swedish Agriculture].

13. Gorecki, op. cit.

14. Wierzbicki, op. cit.

15. Okuniewski, op. cit.

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CITROEN'S PROBLEMS IN JOINT VENTURE ATTEMPT RECOUNTED

Paris LE POINT in French 8-14 Mar 82 pp 80-81

[Article by Jean-Michel Gourevitch: "Citroen: A Venture in the East"]

> [Text] It is not easy to carry out an industrial venture in a communist country. Citroen tried it in Romania. It will not be tried again.

Will it come out or not, the new Citroen made in Romania? The car, which was to have been for sale in France as of 1980, is chugging in first gear and is already 2 years behind schedule. Worse: apparently nothing is being settled. In Citroen, which still sees nothing happening, they are perplexedly wondering about the outcome of the Romanian venture.

It was 16 December 1976 when Citroen announced, with lots of hullabaloo, the signing of an agreement of an unheard-of type. The French manufacturer, who took 36 percent of a mixed Franco-Romanian company christened Olcit, was assigned to build, on the other side of the Iron Curtain, a factory employing 7,000 persons that was to produce each year 130,000 of an original "economical, popular and multipurpose" car specially designed for Romania. In reality, it was shown to the Romanian president Ceausescu in October 1975. It is a small sedan (3.73 m long), with three doors and front-wheel drive, resembling, when viewed from the front, a Visa, and from the rear, the old Ami-8. There will be a choice of two engines: the 652-cc 2-cylinder derived from the 2 CV, and the 1,129-cc 4-cylinder of the GSA.

The bet was a triply bold one. Technologically, Citroen takes the risk of putting up a modern factory in the beet fields of a country that lacks industrial experience. Commercially, it is providing for production abroad of a model that will immediately have to fit into its French range. Financially, the indispensable "compensation" (the operation intended to bring foreign exchange into the countries of the East) will not be achieved by purchase of components but by a commitment on the part of the French firm to buy 65,000 cars and have the exclusive right to market them in the Western countries.

In counterpart, Citroen is keeping the Romanians from repeating the savage competition waged by the Russian Lada against Fiat, inundating Europe with models designed and built with the advice of the Italians but sold at cut-rate prices.

The operation is a complex one, with the financial arrangements tied together in a complex of very specific contracts: contracts for fabrication, for granting of licenses, for purchases of equipment, for technical assistance and for repurchase of automobiles. The investment (Fr 2.5 billion) is financed by French bankers and guaranteed by the Romanian Bank of Foreign Trade.

In Citroen, there was jubilation. What with the machines to be delivered in Romania and the equipment and spare parts to be bought from French suppliers, more than 4,000 jobs would thus be provided for in France.

The negotiation, which was intensive, lasted a good 6 months, and the French thought they were finally at the end of their travail. But alas! That is when the trouble really began and misunderstanding started to take hold. From the beginning of the work on the Olcit plant of Craiova, 200 km from Bucharest. While the Romanians lacked industrial experience, the French of Citroen were still ignorant of the ravages of bureaucracy in a socialist country. They were to discover them, stupefied. "In the automobile industry, one has to know how to break the rules from time to time in order to make emergency decisions," a technician explained. "At Craiova, everything is hierarchized; one has to justify on paper the urgent and irremediable need for a screwdriver. Next, one has to wait patiently."

A small community of French expatriates is organized around the city (there will be up to 300 of them); the assistant general director is French, as is the assistant to the financial director. Since fraternization is frowned on by the authorities, the French keep to themselves.

On site, the construction work dragged out, the industrial venture bogged down in the snow and mud. "The president of the Franco-Romanian mixed company does not even have the same powers as a French company president for dealing, negotiating, acting--powers that I have myself," Jacques Lombard, the PDG [president and general director] of Citroen, summarizes.

This is all the more true in that the decisions to be taken call for the opinion of different ministries. It is out of the question to talk to the mason if a wall is not straight: one has to go all the way to the top, then back down through the hierarchy. The headaches are Kafkaesque. While construction of the plant comes under the Ministry of Construction, modification of the buildings so that they can accomodate the machine-tools comes under the Ministry of Industry! The minister of construction had to be called to the spot for rescue so that the buildings could go up.

In parallel, the Romanian technocrats increased their demands: they refused to be satisfied with a "second-hand" engine-fabrication chain that Citroen wanted to sell them, and demanded ultramodern equipment.

The Citroen-Olcit joint purchasing committee, provided for by the agreements, meets nonstop. "It has worked with a certain lack of spirit of decision," says Jacques Lombard again--modestly--"for it has not had the powers necessary for its proper functioning." Decisions are constantly put off. The "nuncios" sent out by Citroen to settle urgent problems return to Paris on the verge of nervous breakdown, with only a quarter of the resolutions hoped for. Several times, matters got very close to a complete shutdown.

Since a contract clause provides that the proportion of equipment imported is not to exceed 70 percent of the total, the functionaries abruptly stop any purchase order when the fateful figure is reached. But alas! Romanian industry is incapable of producing the materiel wanted.

Then arose the proposal to have some of the cars made in Spain (with the Romanians granting their licenses in return for foreign exchange). Citroen's management, exasperated by the interminable talks, abruptly halted this negotiation in June 1980.

At the factory, there is a shortage common throughout Romania: electrical equipment. In the work teams, the wiliest people disassemble all the equipment of the machinery arriving from France to use it at their own work stations, thus making the machinery unusable.

Last January, the Romanians suddenly stopped paying the technical-assistance technicians. This time, a threat of repatriation was necessary in order for the salaries to be released.

Summer 1981: the first cars finally come off the lines. The factory is gleaming, but production begins 2 years late. Two years that count, for the situation of the European automobile has got seriously worse. In June, Citroen therefore sent its Romanian partner a memorandum demanding modifications on the models that will be delivered to France: improvement of the vehicles' fuel economy, diversification of models, modernization and rejuvenation [as published]. The Romanians have just finally accepted this. There remains the adjustment (downward) of the price determined by the French. "It is out of the question to apply the 1976 contract to the letter," Jacques Lombard declares firmly; "Citroen can no longer accept the small Olcit as it was initially defined, and on the strict conditions of the agreements at that time." For the time being, the Romanians are turning a deaf ear. But that country, which was not able to achieve any of its economic objectives in 1981, owes the West $12 billion and is getting close to ceasing to make payments. Will it be able to do without the French manufacturer's foreign exchange for very long?

Citroen, which has delivered, against payment, 98 percent of the equipment provided for, comes out of the first part of the operation honorably, one is assured--despite, on the French side, an error in estimation of the cost of the designs for the car.

But signing a contract of this kind would be out of the question today. "If it were to be done over again, I would refuse to associate financially with a foreign customer, for it is a source of ambiguities. I would avoid so restrictive a repurchase contract in an uncertain economic climate," says Jacques Lombard, disabused. His dream? A simple license contract. Without obligation as regards results, without complicated talks and political difficulties. The Romanian car will certainly not be repeated. It will surely be seen on the roads of France one day.

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ASSEMBLY DISCUSSES REASON FOR LOW LABOR PRODUCTIVITY

Belgrade BORBA in Serbo-Croatian 22 Mar 82 p 4

[Excerpts] A meeting of the SFRY Assembly commission for monitoring and implementing the Law on Associated Work [ZUR] examined an analysis of labor productivity in the 1976-80 period which had been submitted by the Institute for Social Planning. The essence of this analysis is...that a satisfactory technological basis and solid cadre capability of our economy have not produced the expected results in production. Labor productivity is low and, putting it mildly, does not correspond to the objective possibilities.

In the developed countries 14 percent of workers are in industry; in our country 10 percent work in industrial production. These workers in the developed countries produce three times more than those in Yugoslavia. Between 1945 and 1980, 750,000 young people graduated from faculty-level schools and found jobs in the economy, but these young specialists, one must conclude, did not bring about the expected change in our economic operation....

Perhaps part of the answer lies in the fact that employment in sectors outside the economy [nonproduction sectors] increased 50 percent faster than that in the economy. Of the nearly 5 million employed Yugoslavs, 37 percent work in administrative jobs. In addition, 290,000 workers are absent from their job every day.

Dusan Bogdanov Senko, president of the above commission, sees our present economic difficulties also in the disparity in the development of the raw material base and manufacturing capacities. The consistent realization of the ZUR is the main way out of our present economic problems. For years we have invested in development without relying on the real material possibilities or giving serious consideration to the raw material base. This created a double dependence on foreign countries by importing equipment bought with foreign credits and basing production on imported raw materials. The situation in the economy is now such that we will have to allocate 130 billion dinars more from our capital accumulation and amortization to replay credits and interest.

At the same time we still have not succeeded in applying an acceptable formula for evaluating work in the area of general and joint expenditure [service sectors]. We have been making a fiscal deduction from income for self-management interest communities [SIVs] and now we wonder how these [SIVs] have become centers of power and not services or a place for agreement of associated labor. Now the only thing left to us is to intervene with state measures and reduce expenditures...and employment in this area.

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INA OFFICIAL DISCUSSES DINA PETROCHEMICAL PROJECT

Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 1 Mar 82 pp 19-21

[Interview with Eng. Vladimir Lemic, president of executive committee of SOUR INA, by editors of "Joint Investment" column: "Experience and Lessons of DINA"]

[Text] With an investment value of $1,212,000,000 the DINA petrochemical complex on Krk is the largest project based on joint investment with a foreign partner since such projects were made possible in the Yugoslav economy in 1967. This fact alone gives DINA exceptional significance and interest in the sense of providing an example, experience and lesson of such a method of development involving foreign capital. Recently public attention has been drawn to this project and to the somewhat alarming news that the entire project is to be re-examined and that future relations are quite uncertain between the two partners, SOUR INA of Zagreb and the American Dow Chemical Company, in the further realization of the project upon which they engaged by a contract signed in March, 1976. This is one more reason to include an interview with president of the Business Council of SOUR INA, Eng. Vladimir Lemic, in our series of articles on the topic of joint investment.

EP: Perhaps it would be worth starting with a reminder of how the DINA project came about?

Lemic: The basic reason was that we came to the conclusion that we had reached the level of development--[by we, I mean] the Yugoslav economy and INA as a part of it--when we should begin to take a more serious interest in basic chemistry. There is no arguing against the facts that with the development of the economy and the living standard the share of production of this branch gains in importance and that technological backwardness in this area as a rule signifies overall lack of development of a country. I should tell you right now that as far as I'm concerned I considered and still consider, despite all the difficulties which have arisen in the meantime, that this decision was not erroneous or unfounded. Of course one can immediately question whether we have chosen the best path for its realization. I do not claim that there exists no better method than such an attempt to take our place in the circles of major producers at least as a minor factor, to be at least to some extent at the source of information and activity. We were certain that the outlook for this was far more favorable in a partnership with one of the leading world producers than, for example, by [following the normal procedure of] purchasing patent rights and technology. I must say that no one basically questioned either the first or the second decision, and there was no suggestion of any more favorable path or model for Yugoslavia's entrance into the field of basic chemistry. To be sure, in the course of putting this partnership into effect there were comments and suggestions, many of which were adopted, but they did not question the sense of the project itself.

EP: Does it seem as if the most strongly emphasized objection concerns associating with a multinational corporation?

Lemic: Like it or not, basic chemistry is not an industry which can develop within some municipality or region, having no connection with world movements. We have to do with an industry in which technology makes very rapid advances and in which research requires enormous funds, and it is a fact, one which we may not like but must respect, that the leading role in this research and technology in today's world is played by multinational (companies). To renounce the development of basic chemistry with the justification that it contributes to the profits of a multinational foreign partner would perhaps have some logical basis if we were not so dependent on importing petrochemical products. And these products are sold to us by these same multinational companies, quite certainly not out of kindness but also for a profit motive and in any event with less interest than [they would have] in a project to which they contribute their own capital and on whose success a part of their future profit depends. Clearly one can question whether we have chosen the most suitable partner. We chose within the framework of information available to us, and surely among sufficiently interested potential partners. And our mutual contract--let me add this since there are absurd claims that "no one saw it except those who signed it"--was examined by all the higher authorities and [at all] levels of jurisdiction, [a process] which took some six months from the time of signing until valid registration. If it had gone counter to our basic social orientation, one would assume that it would not have obtained the requisite agreement and support.

EP: What do you judge to be the primary advantages of development based on joint investment as compared to other relations with foreign partners and [financial] obligations?

Lemic: Well, in the specific case I would say that we have obtained technology which is not sold outside of joint investment, that we have become partners with a reputable firm, which in some way affirms us as a partner in the world market and before foreign financial institutions, where we have been granted relatively high credit and that probably under more favorable conditions than if we had appeared alone, considering the favorable evaluations of the quality of the proposed project. In addition, we have made at least a partial entry into the cartelized world market of petrochemical products and finally, in realizing this project we have been able to count on the greater interest of our foreign partner, who has far richer experience in this area than we do.

EP: Do you consider that the domestic partner has sufficient actual possibilities for formulating such contractual [regulations] as will truly assure the appropriate interestedness of the foreign partner not only in construction but also in future operation and modernizing of technology in a joint project?

Lemic: Of course it is first of all a matter of our capability to judge the value of what we are buying. How well we have succeeded in this usually becomes clear with time. In any case, it is logical to suppose that interestedness in the success and future of the project is indubitably greater when it is not a matter only of the sale of a license or of technology but rather of the investment of financial resources as a share in the division of future gain. Our foreign partner in this project is not the manufacturer of any equipment which will be installed on Krk, so we believe that both firms are concerned that the plant be constructed at the lowest possible cost and that it operate as profitably as possible, with the greatest possible earnings.

EP: What then has come up to change things to such an extent that the partners themselves--according to a recent public announcement--are reconsidering their further collaboration in this project?

Lemic: There have been plenty of changes in these past six years, abroad and at home. Abroad the consequences of the recession have accumulated, threatening the stability and profits of even the leading corporations, which of course leads many of them to reconsider their own investments and to direct them toward projects which are most favorable and profitable. This is being demonstrated in this branch as well. On the other hand, partly under the influence of world events and because of our "policy of not solving" problems on time, in the petroleum industry as elsewhere, difficulties and disruptions (disturbances) have accumulated in the country. I refer primarily to those disruptions involving a slowdown in procurement of raw materials and in production and to difficulties involving import procedures and customs clearance of equipment etc. This has affected DINA as well, both directly and indirectly, due to delays caused by problems with domestic suppliers and contractors and we know what increased construction time means in terms of expenses and lost production time. Although we of INA and the most important representatives of Dow were promised on several occasions at various places of authority that the temporary restrictive measures would not affect DINA, that it was quite important that it quickly begin operation, in practice things have frequently turned out quite differently and much time, effort and persuasion have been needed to turn promises into reality.

EP: According to publicly available information the foreign partner is calling for a moratorium on phases II and III until phase I is successfully completed and put into production, or, to put it differently, it is not ready to participate financially in the further realization of the project on Krk but rather intends to reduce his participation in the joint project to contributing know-how and technology. What would this mean for the planned deadlines for completion and for the project as a whole?

Lemic: Negotiations are still in progress and it is too early to discuss their final outcome. It is true that the foreign partner insists that funds and energy be focused on the completion and the soonest possible initiation of phase I production on Krk, where about one third of the total funds have been invested. It must be admitted that at the time of signing of the contract it was anticipated that the complete first phase would be in operation in 1981 (a part of it in 1980). If we had managed to accomplish this it would now be "too late" to discuss phase I and we would now probably be discussing the fastest way to complete the entire project by 1983, as was anticipated. In that case we would have had not only less to worry about as concerns the future of DINA but also far less nationwide expenditures in foreign currency for the products of basic chemistry. Although it has a significantly lower level of consumption than do the developed countries, Yugoslavia already imports chemical products worth about 2 billion dollars a year (in 1980 $2.2 billion). In view of this fact one can realize what a yearly production by DINA worth about 800 to 900 million would mean. It is true that this is not the effect of substituting domestically produced goods for those bought for foreign currency or the export of such goods for simply foreign currency, for it [the sum] contains also [the cost of] imported raw materials and the foreign currency component of fixed costs, but it is a fact that we pay for both of these with foreign currency and in the price of the petrochemical products which we import.

EP: Although, as you say, negotiations are still in progress, you can't avoid the question of what is in store for us?

Lemic: Well, we at INA are agreed that our highest priority job is to put the first phase into production and we are making great efforts to carry out the revised program, which was planned for the end of this year, although the outlook is not the most favorable. In spite of this, we consider--no matter how great the difficulties, even considering the possibility that certain petrochemical [production] capacities in Europe might be closed or under-utilized--that there are reasons and justification for continued work on completing the project. Of course we want to continue with the partner with whom we started the project. But we are examining the possibilities for continuation if such an agreement is not reached--both by using the resources on INA and other domestic industry interested in the raw materials expected from Krk and through a possible agreement with some other foreign partner or co-financier. In any case, we will attempt to make the best possible use of experience gained thus far in carrying out this project.

EP: According to some data, the INA refineries in 1974 placed 818 million dinars into the operating fund, which declined even in nominal value to 84.4 million dinars by 1978, so that there was a loss of some 8.3 billion dinars last year alone. Yet the refineries are named as the principal investors of the DINA project within INA. How does this reflect on this project?

Lemic: It is clear that the economic strength and funds of INA up to now provided the foundation for and support of [plans to] enter into such an ambitious undertaking, aimed at creating an integrated technological totality of the petroleum and the petrochemical industries. As I already mentioned, we considered then that it was time to enter into a major undertaking in the area of basic chemistry, and what could be more natural than that the protagonist here be the largest organization of the Yugoslav petroleum industry? Of course at the time we did not imagine, nor, evidently, did anyone else, that in carrying out such a project we would fall into such economic difficulties. It has become practically the norm that our refineries operate at a loss, for it is reasoned that this loss should be covered primarily by income from the domestic production of oil and gas. With such expectations and requirements we ignore the consequences of this research on and investment in increasing domestic production of oil and gas, as well as, of course, on the investment capacity within INA, which inevitably is reflected on the most important projects--such as the Chemical Fertilizer Factory in Kutina and DINA--which anyway on many occasions are pointed out as high-priority investment projects in the republic and in the country. What is worse, we have gotten into such an economic position that it is very seriously and adversely the liquidity both of our commercial bank and of its other clients. Under such conditions, when there is disruption even in the supplying of our daily financial needs in basic sectors, it is rather clear why we and the banks make efforts that his present state [of affairs] might have the least possible effect on such high-priority projects. And there is so much that is illogical in this state of affairs that certain measures-including that concerning price which, despite the latest correction [increase], solves only a part of the problem-must be undertaken, we are certain, as soon as possible.

EP: Taking into account all the experience gained so far in working on DINA, what sort of basic lessons and conclusions, for INA and in general, would you single out as concerns joint investment?

Lemic: I am certain that it is correct to involve foreign capital and technology in our development and that Yugoslavia has much to gain from this. And that this question deserves far more attention, analysis, and studied preparation and examination for us to arrive at better and more stimulating solutions than we now have. In addition I would say that such activity as a rule is developing in both directions. In other words, that both in exporting our equipment and technology and in engaging foreign capital we should make more use of this method of entering into the international division of labor, for it certainly gives better and more long-term results than traditional buying and selling. I think that this form of collaboration has particularly good possibilities in economic relations with developing countries and I can say that we of INA have initiated several negotiations of this sort in countries which are important suppliers to us of basic raw materials and which want to develop industries in which we have valuable experience and capabilities, here at INA or in other organizations of associated labor of the Yugoslav economy. Of course for this we need commitment and large scale support.

[illegible]
CSO: [illegible]/316

YUGOSLAVIA

AGRICULTURAL PRODUCTION IN 1981 SURVEYED

Belgrade EKONOMIKA POLJOPRIVREDE in Serbo-Croatian No 1-2, Jan-Feb 82
pp 97-100

[Article by Dusan Katic, Federal Bureau of Social Planning: "Output of Plant Growing in the SFRY in 1981 and Anticipated Results for 1982"]

[Text] In the social compact on the bases of the plan for the period from 1981 to 1985 the socialist republics and autonomous provinces agreed to achieve a growth rate of 4.5 percent in the domain of agricultural output. In the context of the goals and tasks of the plan and the annual resolution for implementing the plan in 1981 it was anticipated that the physical volume of agricultural production would grow at a rate of 4 percent (which certainly was influenced by the rather modest growth rate in the 1976-1980 period, which was an annual average of 1.8 percent). The lag of primary agricultural production, plant growing in particular, determined the ambitious growth rate of nearly 7 percent.

Agriculture entered the year 1981 with certain adverse tendencies: a smaller area had been planted to fall crops (wheat was sown on about 300,000 hectares less than was anticipated by the fall planting program, or 10 percent less than the previous year). Because of the smaller output of industrial crops in 1980, raw materials available for processing were appreciably diminished, especially sunflower seed; a portion of the area planted to corn was not harvested in good time, which tended to destabilize the market for livestock feed and had an adverse effect on livestock production, especially the raising of hogs and poultry. The action program for spring planting in 1981, which was adopted by all the socialist republics and autonomous provinces, anticipated an increase of about 8 percent in the area planted relative to the previous year, and larger areas planted to corn and industrial crops were especially anticipated. During implementation of the spring planting program problems arose in the form of a shortage of the necessary production supplies, manufactured fertilizers above all, and then a shortage of chemicals for plant pest and disease control and imported spare parts, as well as a shortage of certain types of seed for vegetables and forage crops.

Neither the assumptions of the medium-term plan nor those of the annual resolution on socioeconomic development were borne out in 1981 concerning the production of wheat. The volume of production (4.3 million tons) is the lowest since 1970. However, we should emphasize that in 1970 the wheat harvest of 3.8 million tons was achieved on an area of 1.9 million hectares, and the average yield was 2.1 tons per hectare, while in 1981 the output of 4.3 million tons was achieved on an area of 1.4 million hectares, and the average yield was 3.1 tons per hectare. It is evident that the shortfall in wheat production was mainly caused by the 10-percent shortfall in the area planted. The shrinking of the area planted to wheat in 1981 was to some extent a consequence of adverse weather conditions prevailing in the period of fall planting in 1981, but also of a production orientation toward a larger planting of industrial crops and corn. Viewed by ownership sectors, the shortfall in the production of wheat was somewhat larger in the case of private farmers. At the same time we note a tendency of the yield per hectare to stagnate in the case of producers in the socialized sector, where the yield was 4.2 tons per hectare, while in previous years yields of 5.1 and 4.1 tons per hectare were achieved over quite large areas (it is probably a question of a lower degree of intensiveness resulting from a rationed mixing of production factors, above all of manufactured fertilizer). The average yield per hectare of 3.1 tons achieved on the total area planted was down 260 kg from the yield achieved in 1980. On the fields of agricultural organizations the yield was down 360 kg, and it was down 260 kg per hectare on the fields of private farmers. Viewed by regions, after SR [Socialist Republic] Slovenia (33 percent) the largest shortfall in the wheat harvest in 1981 was in SR Croatia (23 percent), and then in SAP [Socialist Autonomous Province] Vojvodina (14 percent) and Serbia proper (13 percent) and Bosnia-Hercegovina (13 percent).

Table 1. Production of the Principal Products of Plant Growing, in thousands of tons

				Index	
Product	Average 1979-1980	1981	Agreement 1985	1981 / Average 1979-1980	1981 / 1985
Wheat and rye	4,883	4,344	6,400	88.9	67.9
Corn	9,700	9,766	12,000	100.7	81.4
Sugar beets	5,569	6,140	8,720	110.3	70.4
Sunflowers	414	320	750	77.3	42.7
Soybeans	51	90	120	174.5	75.0
Tobacco	62	62	57	100.0	82.7
Potatoes	2,582	2,600	3,000	100.7	86.7
Fruit	1,344	1,500	1,950	104.2	71.8
Grapes	1,444	1,340	1,350	92.8	99.2

Source: "SGJ-81" [Statistical Yearbook of Yugoslavia for 1981], p 230; reports of the Federal Bureau of Statistics and the Federal Bureau for Social Planning.

Instability in wheat production was also reflected in the formation of the surplus for sale on the market, that is, in meeting commercial needs. The decline in the size of the harvest in 1981 also had the result that the volume of wheat purchases (approximately 2.1 million tons) covered only about two-thirds of the estimated commercial demand in the 1981/1982 farming year (the established level ranges at about 3.2 million tons). The missing amounts are being imported.

The area planted to wheat in the fall of 1981, amounting to nearly 1.53 million hectares, was approximately 10 percent larger than the previous year, but less than was planned and insufficient to provide the necessary volume of total production, which was 5.5 million tons, or to build up the surplus for sale on the market of 3.2 million tons, when farming conditions were average. In an endeavor to overcome the situation in wheat production somewhat in 1982, there should be a maximum increase in the area planted to spring wheat (for which we have seed of quality wheat varieties available) as well as to furnish adequate amounts of manufactured fertilizers for dressing the crops in the spring.

The production of other stubble grains in 1981 was somewhat more favorable than in the case of wheat, as follows: rye 74,000 tons, or 5 percent less than in the previous year; barley 720,000 tons, or 13 percent less than in the record harvest in the previous year; and oats 311,000 tons, or 6 percent more than in the previous year.

The corn yields achieved in 1981 make it one of the three most abundant years with a harvest of nearly 9.8 million tons, which is 470,000 tons (5 percent) more than the output achieved in 1980. The total area planted to corn this year, about 2.3 million hectares, was nearly 95,000 hectares more than was planted in 1980, and the yield per hectare of 4.25 tons was 30 kg per hectare higher (incidentally, the only higher yield was in 1979). Agricultural organizations had a harvest of nearly 1.66 million tons of corn on an area of 260,000 hectares, or 6.37 tons per hectare (only in 1979 did they have a larger harvest and higher yield per hectare), while private farmers harvested about 8.1 million tons from 2.036 million hectares, or 3.98 tons per hectare. In regional terms by republics and provinces the harvest was smaller than in the previous year in Serbia proper (5 percent) and SAP Vojvodina (3 percent). The largest increase in production was achieved in SR Bosnia-Hercegovina (41 percent), which was followed by SR Slovenia (26 percent) and SR Croatia (22 percent).

The average corn harvest over the last 3 years, more than 9.7 million tons (or 9.[illegible] million over the last 2 years) was not sufficient to bring demand into balance with supply and to form lower market prices than for quality varieties on the domestic market. The percentage of the total corn harvest being sold on the market is still low; only about 15 percent is purchased through commercial channels. Because of the imbalance between supply and demand, the prices of corn on the domestic market were formed over the last 3 years at an appreciably higher level than prices on the world market. The problems that have arisen in the corn market must be resolved with more persistence along two lines: more contracting for the necessary volume of production by the large producers (livestock feed factories above all) and the purchasing and financing of a larger volume of market commodity reserves by sociopolitical communities when there is a large supply during and immediately after the harvest.

Table 2. Wheat Production in 1981

Republics and Provinces	Area, thousands of hectares: Total	Area, thousands of hectares: Socialized Sector	Production, thousands of tons: Total	Production, thousands of tons: Socialized Sector
SFRY	1,386	380	4,270	1,597
SR Bosnia-Hercegovina	127	12	276	40
SR Montenegro	3	0	7	1
SR Croatia	283	80	860	361
SR Macedonia	104	40	236	111
SR Slovenia	42	3	106	10
SR Serbia	826	244	2,786	1,076
Serbia proper	404	32	1,113	125
SAP Kosovo	81	9	197	30
SAP Vojvodina	342	203	1,477	921

Republics and Provinces	Yield, tons/hectare: Total	Yield, tons/hectare: Socialized Sector	Index Number of Production, 1980 = 100: Total	Index Number of Production, 1980 = 100: Socialized Sector
SFRY	3.08	4.20	84	85
SR Bosnia-Hercegovina	2.16	3.35	87	126
SR Montenegro	2.07	2.33	84	106
SR Croatia	3.04	4.52	77	81
SR Macedonia	2.26	2.74	86	84
SR Slovenia	2.54	3.09	67	57
SR Serbia	3.37	4.40	87	85
Serbia proper	2.76	3.90	87	90
SAP Kosovo	2.44	3.15	91	86
SAP Vojvodina	4.32	4.54	86	85

Source: SAOPSTENJE SZS, No 239, 1981.

In spite of the results achieved, there is still unused potential with respect to production technology, especially in the cornfields of private producers.* Organizations of associated labor have achieved the world level of technology (an average yield of over 6.3 tons per hectare). However, there is potential even on the part of producers in the socialized sector to increase average yields, to reduce production costs at higher labor productivity, and especially to improve the way the shelled corn and stock of the corn are used ("green container" system, silaging grain without drying, etc.).

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* Yugoslavia, which is Europe's largest corn producer, had the lowest yield per hectare of 4.25 tons per hectare in 1981, while the highest yields were achieved by Italy (7.53), France (5.37), Hungary (5.22), Spain (4.72) and Bulgaria (4.61 tons per hectare). Source: FAO data.

The production of industrial crops in 1981 was characterized by the effort to increase the volume of production and to meet the needs for raw materials of newly built industrial plants (sugar and oil mills above all). The sugar beet production was 6.14 million tons on an area of 147,000 hectares, and the average yield was 41.7 tons per hectare, which is 19 percent more than the production achieved in 1980. The high production of sugar beets in 1980 was achieved mainly because the largest area so far was planted to this crop. The total area planted to sugar beets was nearly 19,000 hectares (15 percent) larger than the area planted in 1980, while the average yield per hectare was about 1 ton higher. The level of production of sugar beet proper produced makes it possible at average digestion (13 percent) to produce nearly 790,000 tons of sugar, which will meet domestic needs and afford the possibility of exporting certain surpluses of sugar.

Table 3. Corn Production in 1981

	Area, thousands of hectares		Production, thousands of tons	
Republics and Provinces	Total	Socialized Sector	Total	Socialized Sector
SFRY	2,297	260	9,766	1,660
SR Bosnia-Hercegovina	246	9	684	47
SR Montenegro	8	0	13	0
SR Croatia	519	90	2,376	571
SR Macedonia	41	1	90	3
SR Slovenia	61	8	269	47
SR Serbia	1,422	152	6,334	992
Serbia proper	667	17	2,234	84
SAP Kosovo	98	1	219	2
SAP Vojvodina	657	134	3,881	906

	Yield, tons/hectare		Index Number of Production, 1980 = 100	
	Total	Socialized Sector	Total	Socialized Sector
SFRY	4.25	6.37	105	108
SR Bosnia-Hercegovina	2.78	5.00	141	235
SR Montenegro	1.62	2.50	100	83
SR Croatia	4.57	6.33	122	125
SR Macedonia	2.21	4.73	101	73
SR Slovenia	4.39	6.26	126	137
SR Serbia	4.45	6.50	97	97
Serbia proper	3.35	4.80	95	84
SAP Kosovo	2.23	3.62	119	106
SAP Vojvodina	5.91	6.73	97	99

The production of sunflowers in 1981 was 320,000 tons, which is 18,000 tons (6 percent) more than the production achieved last year. The area planted to sunflowers was about 14,000 hectares (8 percent) more than in 1980, while the yield per hectare was down nearly 23 kg per hectare. This is the second year when the sunflower heads have been attacked by disease in the phase of maturation, which significantly reduced the total output. The results of pest and disease control in certain areas of Vojvodina in 1981 indicate the possibility of overcoming these new problems in the technology of sunflower production.

Of the other oilseed, there was considerably greater orientation toward the production of soybeans in 1981. They were planted on a record area of nearly 45,000 hectares, and the harvest was approximately 90,000 tons. The results achieved in production on certain areas of Vojvodina, where the yield per hectare was more than 4.0 tons, guarantee a significant increase in the area planted to soybeans in the spring of 1982. The production of rape grown for seed in 1981 was 65,000 tons, or 4 percent less than in the previous year.

Tobacco production has remained at the level of nearly 62,000 tons in 1981, primarily because of marketing difficulties, especially on the export market.

Fruit and vegetable production in 1981 showed a certain level of growth of production and a satisfactory supply of the market. Among the various types of vegetables, the production of potatoes was not enough to halt the rise of prices and the inadequate supply of the market which occurred during 1980. In 1981 the production of fruit and grapes increased satisfactorily after the stagnation which had been evident over the past 3 years. The production of all types of fruit considerably exceeded last year's output: over 50 percent for sweet and sour cherries and nearly 20 percent for apricots and peaches. Grape production at nearly 1.3 million tons was below last year's record output by 243,000 tons (15 percent). Viewed as a whole, this segment of agricultural production displayed again in 1981 the shortcomings of the unorganized approach on the market by organizations in both the production and the distribution sectors in that they are not adequately organizing the conclusion of contracts and purchasing of fruit and vegetables.

7341
CSO: 2800/303

FUNDING PROBLEMS OF ECONOMIC COOPERATION BANK

Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 29 Mar 82 pp 12-13

[Article: "[Regional] Autarky Slows Exports"]

[Excerpt] By the end of the year the value of contracts to export equipment and ships and to carry out investment [construction] work abroad which the Yugoslav Bank for International Economic Cooperation finances can amount to more than planned. As of 10 March $1.3 billion worth of exports had been contracted for, although some of these exports will not be delivered [or paid for] this year. Nevertheless, the 1982 plan alone calls for a value of $720 million which is 40 percent more than in 1981 and accounts for 10 percent of Yugoslavia's total exports to the convertible market. Toma Granfil, president of this bank, however, pointed to the problem that permanent sources for additional financing of exports has still not been solved. Thus, it was suggested that the Bank be provided 20 billion dinars for 1982, but even this sum must be increased to 26 billion dinars because of the volume of business, and if a change in the rate of the dinar is taken into consideration, this amount could increase to 32 billion dinars. Most of this amount (6.5 billion) is provided by the National Bank in re-discount credits, then all Yugoslav banks provide 5.5 billion, associated members and re-investments of the Bank provide 4 billion, 2 billion dinars are provided by dinar equivalent value on foreign obligations, and another 2 billion dinars is provided from citizens' savings and the deposits based on republic and provincial regulations. However, [thus far] only 30 percent of the banks have signed the agreement on financing exports (although all of them expressed agreement for such financing) and agreement has not yet been reached in the republics and provinces for the other sources of Bank funds. Despite this, financing did not stop for already contracted exports and the FEC (Federal Executive Council) intervened in support of the Bank.

CSO: 2800/337

CHANGES MADE IN FEDERAL FOREIGN EXCHANGE ALLOCATION

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 30 Mar 82 p 2

[Excerpt] With the decision on establishing the total amount of foreign exchange for use by the Federation this year, a new dinar equivalent is to be established in accord with document on establishing foreign-currency exchange rates to determine the bases on which to calculate customs and other import fees, tax benefits for earning foreign exchange through exports, and statements affirming the right to import. This regulation should also reduce the use of hard currency. (Let us recall that the amount of foreign exchange for federal use is determined by law by the SFRY Assembly.) Such a document was submitted recently to the delegates of the Chamber of Republics and Provinces.

In explaining the draft document, it was said that an analysis of foreign trade trends has shown that the goals of the joint foreign exchange policy are not being realized, nor the proportions contained in the plan of the balance of payments and foreign exchange balance, especially with the convertible-currency market.

As a result of this and in order to limit foreign exchange spending from the convertible-currency area and to take measures to save hard currency, it was proposed that the ratio of convertible-area currency be reduced by $44.5 million, making the ratio 74.83 percent [instead of 80 percent] of the total amount of foreign exchange. [Foreign exchange] for material reserves of the Federation will continued to account for 80 percent [of foreign exchange allocation of the Federation]. Also suggested was a new dinar equivalent for foreign exchange because of the change in the dinar exchange rate. At a rate of 27.30 [dinars to the dollar], $48,729,609 have been used [of the allocation thus far], while at a rate of 41.80 dinars to the dollar, $918,717,252 still remains [to be used].

It is also proposed that the time period be shortened in which republic and provincial assemblies present their views on the draft of this decision.

CSO: 2800/337

LAW PREVENTS USE OF IFC CREDITS FOR SMALL BUSINESS

Belgrade BORBA in Serbo-Croatian 20 Mar 82 p 6

[Excerpt] When 2 years ago an agreement was concluded between our country and the International Finance Corporation [IFC], a promising future was opened up for small-scale domestic business. Namely, in mid-1980 the IFC granted its first credits of $32 million earmarked for development of small business; especially for purchasing specialized tools and equipment not produced by us. It was estimated that these resources would help small businesses to export and to reduce imports for some of their production.

The credits were evenly distributed to republics and provinces and the economic chambers, banks and self-management interest communities for economic relations with foreign countries undertook the task of spending these credits.

But, as was recently stated at a meeting of the commission for small business in the Yugoslav Economic Chamber, up to now only a small part of these foreign exchange credits have been used. In addition, funds which have been lent out are very slow to reach the users. There are many reasons for this.

From the very beginning it was found that there would be difficulties in using these credits. Namely, the lenders made the condition that at least 20 percent be used for private artisan businesses. But according to our law on foreign exchange operation and credit relations with foreign countries, those carrying on private work cannot use foreign exchange credits. In addition, artisans were not able to obtain foreign exchange to pay off the credits since they are not direct exporters.

At the beginning the problem seemed quite a bit simpler because it was expected that agreements would be made with [socialized] work organizations or artisan cooperatives which would accept these foreign exchange credits (and repay them in foreign exchange) and distribute dinar funds to private artisans or import necessary machinery and technology and charge it to them.

However, few cooperatives or work organizations did this. For instance, not one in Serbia. The opportunity was used [on the other hand] by the "Merkura" cooperative in Ada in Vojvodina and by the ITAC work organization in Croatia.

It was also proposed that private businesses be granted dinar credits and the hard currency be sold to work organizations which were in need. But this variation was not acceptable because those using the dinar funds still bore the risk of hard currency exchange.

Small-scale work organizations [socialized] which could use most of the credits were not able to because their foreign exchange quota was small and insufficient. On the other hand, many work organizations did not dare to assume a hard-currency debt because they would not be able to repay it.

Also, from the beginning little use was made of these credits because there were no concrete or complete projects or detailed plans. To all this should also be added the poor cooperation by banks, [economic] chambers, and associated labor.

CSO: 2800/321

ALUMINUM PLANT IN OBROVAC DECLARES BANKRUPTCY

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 17 Mar 82 p 4

[Article by T. Kapetanic: "A Giant on Glass Legs"]

[Text] "The bankruptcy council of the District Economic Court in Split has opened bankruptcy proceedings of the alumina factory, an organization of associated labor belonging to the work organization JADRAL, since the conditions do not obtain for a settlement between this debtor and its creditors, numbering at least 370."

The factory's total debts run to 11.14 billion dinars. In just the last 2 years it had an operating loss of 2.2 billion dinars, and the obligations already come due exceed the sum of 2.7 billion dinars. After presentation of this bitter truth in the bankruptcy hearing in Split concerning this mistake in capital investment, there remains one of two very difficult solutions--bankruptcy or for the creditors to renounce their claims with the assistance of the broader social community.

And that hearing--as indeed the discussions and debates that have gone on for several years in the Croatian Parliament--was characterized by certain harsh observations and the question of responsibility for this capital investment, which is now a burden on the entire economy and work force of Croatia. It is a tremendous burden, and the question of how it came about must be answered.

Without Associated Labor

There has been talk about Obrovac for several years now, but it has never been easy to write about this "half-baked investment project" since the truth about it went against certain official positions. It seems as though the rapid rise in the standard of living and everything that comes with that growth made those involved in social development passive, including the news media. Aside from that, a large portion of the specialists did not have an interest in speaking the truth about Obrovac, since ways were always found of setting aside money from the other large investments to pay for the writing of various studies.

We have at the moment four or five such studies which have been debated in the Croatian Assembly or Economic Chamber, but it now turns out that all these studies were nothing more than forgeries. The research results were simply rigged to suit the bureaucracy. The studies did not say that there is not enough bauxite in Zagora for the alumina plant which was built. This has been known for a long time, but still bauxite was being exported at the time of construction, and that for low prices. The question is whether the delegate base in the Croatian Assembly was correctly informed about this mistaken investment project. It will turn out that it was not, since this large investment error could have been prevented only by a supply of correct information.

The basic criticism of the original planners of the factory in Obrovac is that it was built practically without obtaining the opinion of associated labor. It is actually that decisionmaking outside of self-management and the ignoring of the positions of associated labor that made it possible for this giant on glass legs to spring up. It can even be said that this is a classic example of the results of construction which does not go through associated labor.

The talk about the association of the Dalmatian aluminum industry began to be more vigorous only in late 1980 (Jadral, Omial in Omis and the Boris Kidric Nonferrous Metals Factory in Sibenik), when it was already clear that no kind of association could cover the shaky ambitions of the major producer of bauxite in Obrovac. To be sure, the SOUR [Complex Organization of Associated Labor] "Aluminum" has existed since back in 1977, but actually it has existed only on paper. Associated labor in Croatia did not even have any dilemma about whether it was for or against "Aluminum," but concerned itself only with how to get out of an unenviable situation. It was immediately clear that associated labor could not quickly enter into any complicated integrational links in the present aluminum industry of the republic before resolving the question of the survival of the largest loser--Obrovac.

A Mountain of Paper Was Written Up

Presentations on the topic of how we came to make this investment have been heard in the Croatian Assembly on several occasions. Without any sort of beating around the bush a call was made from the rostrum of the assembly for even executive bodies to be called to account. From last year there were advocates of a drastic solution--to close it down, but that was soon dropped when the figures were made known that mothballing the alumina factory in Obrovac would cost 210 million dinars, and that mothballing would last only 1 year, since after that the machines would become unusable for technical reasons.

A mountain of paper has been written up about the aluminum complex. The preoccupation with aluminum, that is, with providing a raw materials base, has been going on for more than 20 years. The cheap electric power at that time, the allegedly large reserves of bauxite and other details were the bait for building the alumina factory. The construction contract was signed with the Hungarians in [illegible] in 1972, and the factory was put into operation (partially) in January 1979. It was built on credit, and interest rates and credit literally "ate it up." An attempt was made with "revaluating" measures, but that could not be pursued any further.

All the authoritative assessments and analyses reported last year showed that the economic and financial condition of the alumina factory was such that all the conditions had come about for bankruptcy proceedings. According to present data, the total amounts of alumina needed for the present aluminum industry can be obtained for this year and next year on the domestic market (50 percent) and through imports (50 percent), payment to be made on a bilateral basis.

Fortune truly does not smile on government or semigovernmental investment, when some make the investment and others bear the consequences. This will be a touchstone, in Croatia at least, for intensifying a feeling of responsibility toward investment projects. The pity is that no one is guilty--in a situation in which all are guilty.

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SURVEY OF ENTERPRISES OPERATING AT A LOSS

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 10 Mar 82 p 8

[Article by B. Djurovic: "A Majority Are 'Missing' 20 Million"]

[Text] Over the first 9 months of last year the gross income of the Yugoslav economy was more than 5,024 billion dinars, which is an increase of 46 percent over the previous year, and income, which amounted to 1,102 billion, was up 38.7 percent. In the assessment of the Federal Secretariat for Finance, this large growth of gross income was mainly the result of higher prices, and to a lesser extent resulted from a growth of physical production. It is beyond doubt that economic policy measures aimed at a further reduction of the growth of consumption and imports and at stimulating exports did yield constructive benefits, but many expectations were also disappointed. For instance, it was assumed that there would be a gradual decline in the amount of money to be set aside for the social services and government and other purposes. However, they increased more than 1 percent over the previous year, while the share of funds being left to OOUR's [basic organization of associated labor] decreased by 2 percent.

Losses Doubled

The most unfavorable among a number of undesirable tendencies is that the economy's total losses amounted to 39 billion dinars and almost doubled over the same period of 1980. Failures in the conduct of economic activity were declared by 1,959 basic organizations in the economy and 716 in the social services. They employ more than 400,000 workers. Here is how they are "distributed" by republics and provinces: the OOUR's operating at a loss had the highest number of employees in Croatia--104,000, while in Serbia proper they had 91,000, in Bosnia-Hercegovina 63,000, in Vojvodina 37,000, 30,000 each in Macedonia, Slovenia and Kosovo, and in Montenegro 14,000 workers.

The list of organizations operating at a loss is the longest and the largest losses declared by OOUR's in industry and mining--30,466 million, which amounts to more than 80 percent of the total losses of the economy. Let us remember that those who operated the poorest were employees in the electric power industry, production of petroleum derivatives, nonferrous metals, transportation equipment, and the production of chemicals and foodstuffs.

OOUR's in just these industries accounted for nearly 77 percent of the losses in the industrial sector. We should also point out that in certain industries and mining the losses were twice as great in the previous year or even greater--in the production of lumber, chemicals, power machines, and tobacco manufacturing. As in previous years, the losses were very high in railroad transportation, and they are being declared more and more by basic organizations in municipal transportation. The causes of unsuccessful business operation have been carried over from previous years, and the most frequent ones are inadequate organization of work, low productivity, unfavorable terms and conditions for financing current production, slowness in pooling labor and capital, but objective losses are not negligible either.

Vojvodina in the Lead

There is reason for concern in the datum that the losses have increased in all the republics and provinces. They are especially on the rise in Vojvodina--162 percent, in Kosovo--106, in Croatia--158, and in Serbia as a whole--98 percent. The largest losses were declared by work organizations in Croatia--more than 15 billion dinars, Serbia as a whole almost 13 billion, Bosnia-Hercegovina 4.5, Slovenia 3, and Macedonia 2 billion dinars.

After industry and mining, business operation was least successful for employees in transportation and communications, in construction, in trade, in hostelry and tourism, in agriculture and fishing, in housing and municipal services and utilities, and in the service sector. Viewed as a whole, it is unfavorable that in the economy as a whole there has been an increase in the number of OOUR's with losses exceeding 20 billion dinars. Thus the 289 basic organizations that fall in this category account for 83 percent of total losses of the economy, appreciably more than a year previously.

Personal Income Without Restriction

The datum that one basic organization in six or seven has been operating at a loss is truly disturbing. Costs increased faster than their gross income, while their income held to the level in the previous year. By contrast with those tendencies, in OOUR's operating in the black costs increased more moderately than gross income, and income increased considerably. Moreover, adverse tendencies were also evident in the distribution of income--the losers reduced the share of funds for OOUR's in the income distributed by nearly 7 percentage points, while those who were solvent made a reduction of less than 1 percent. This means that with the same amount of income the losers were unable to meet their larger obligations to the community and the increased personal incomes of workers.

Nor should we forget that the economic efficiency of labor in those collectives is relatively poor, while aside from that costs went up 50 percent. The growth rate of the latter was affected most by higher prices of imported industrial supplies and raw materials, as well as by the cost of energy. In short, this is a picture of the situation in the organizations which showed losses. Observations are, of course, not enough. There is a need for measures and actions that lead toward recovery and better conduct of economic activity on the part of work organizations.

The Law on Emergency Financial Rescue and Termination of Organizations of Associated Labor has prescribed that losses indicated in the year-end statement must be made up; otherwise bankruptcy follows quickly. Now that the balance sheet has been drawn up, the losers have a large battle ahead for their future.

Let us recall that in 1980 1,136 OOUR's showed losses greater than 20 billion dinars. By 31 December 1981 16.5 billion had been covered, and emergency financial rescue proceedings were under way covering nearly 4 billion (154 OOUR's with 47,500 employees). The payment of advances of personal incomes to employees in the unsuccessful collectives was limited to the level of the 9-month average of the previous year or to the average for the industry to which the organization belongs. An amendment of this law last December made it possible for these advances to be paid up to the level envisaged by republic or provincial law. However, in spite of the restriction, most of the OOUR's are continuing to pay full personal incomes.

OOUR's in industry are in the most unfavorable position with respect to obtaining funds to cover the losses, and in addition they will have to return the largest share of the funds to the creditors who have bailed them out. The quality of these loans is still unsatisfactory. More than half of the losses have been covered out of joint reserves, and the share of bank credit is also sizable. At this point it is indispensable that the activity of all sociopolitical organizations and bodies of self-management be directed toward discovering and eliminating the causes and at undertaking specific measures in the OOUR's which have been operating at a loss.

First of all, competent emergency financial rescue programs need to be drawn up, work needs to be better organized, and productivity, business efficiency and profitability need to be raised. If it is found that the economic and other conditions do not obtain for normal and successful business operation, the bodies of sociopolitical organizations must take steps to institute liquidation proceedings or they will be compelled to open bankruptcy proceedings for such organizations.

This is actually a brief survey of the situation and of the problems in that portion of the economy which has suffered losses in its business operation. The Federal Secretariat for Finance has reported on this a few days ago to the delegates of the Yugoslav Assembly. The debates in the working bodies of the Chamber of Republics and Provinces which are expected soon will certainly point up other difficulties in the conduct of economic activity, but they will indicate as well the directions to be taken in efforts to make a faster transition to operation in the black.

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BRIEFS

REDUCED PENSION FUNDS--After changes in the Law on Obligations of the Federation, the pension insurance associations will receive 20 percent less funds for veterans pensions. This is 3.5 billion dinars less for this year alone; 19.9 billion dinars is the amount of the new federal obligation. The federation has regularly paid only 65 percent of its total obligations so this year, for instance, it still owes 8.8 billion dinars from last year and the year before that. Two years ago the veterans organization raised the question of the great burden veterans payments are to the federation, noting the irregular accounting of some pension insurance associations. As a result, the federal budget inspectorate, following its study, says that the federation owes 5.65 billion instead of 8.8 billion dinars. [Excerpt] [Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 1 Mar 82 p 16]

TRADE WITH SPAIN, PORTUGAL--The Yugoslav trade deficit with Spain has increased from year to year. In 1981 total trade amounted to only $153.3 million, which was nevertheless a considerable increase over 1980; our exports were 39.2 percent lower, while imports increased 97.8 percent. Yugoslav exporters amounted to only $5.9 million and consisted mainly of lumber, wooden chairs, alkaloids and meters for measuring electric current. Yugoslavia imported $147.4 million worth of goods, largely raw soybean and olive oil ($36.9 million), or 25 percent of all Yugoslav imports. Two contracts have been concluded on business cooperation in the pharmaceutical industry and in railroad car construction. In 1981 the value of Yugoslav trade with Portugal amounted to $10.7 million, with Yugoslav exports amounting to $4.3 million and imports $6.4 million. Yugoslav exports declined by about $2 million compared to 1980 because Portugal did not import textile fibers as it had before; also, our delivery of railroad motor trains was behind schedule. The most important item of mutual trade is the contract to deliver two ships and equipment from Yugoslavia to Portugal and three ships to Yugoslavia by 1985. Since Portugal expects to join the European Community [EC] in January 1984, efforts should be increased to establish long-term arrangements which will not stop when Portugal enters the EC. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 24 Mar 82 p 1]

CROATIAN-MACEDONIAN COOPERATION--In the past few years the two republics have organized the pooling of labor and resources amounting in value to 3.8 billion dinars. Of this amount about 900 million dinars will be invested in seven projects on which self-management agreements have been reached, involving about 20 [named] OURs (organizations of associated labor) from both republics; funds will be invested in the electric power industry and technical apparatus production, the clothing industry, mining equipment, agricultural production, and industrial construction materials. Labor and resources are to be pooled also to expand the sheet metal production plant at the Skopje Ironworks, the "Silika" brick factory in Gostivar, the "Boris Kidric" porcelain factory in Titov Veles, the glass factory in Skopje, the "Ograzden" mine in Strumica, the "Partizan" enterprise in Prilep, and other facilities. It is expected that this year these investment projects will really get underway. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 24 Mar 32 p 8]

CENTRALIZING FOREIGN EXCHANGE ACCOUNTS--A large number of OURs (organizations of associated labor) are making abundant use of the right to put foreign exchange earnings in several accounts. According to the Associated Bank of Belgrade, individual OURs have foreign exchange accounts in several banks, thus permitting them to withdraw from one bank and deposit in other banks, avoiding the holding of these funds in the same bank from which the OUR has taken credits. The executive council of the Belgrade Associated Bank, realizing this, as well as the need for planning, and keeping in mind the foreign exchange position of the republic, has taken the initiative, along with the Federal Secretariat for Finance, in support of changing Articles 110 and 111 (which permit the holding of several foreign exchange accounts) of the Law on Foreign Exchange Operation and Credit Relations With Foreing Countries. With these changes, OURs and other legal entities would carry on all their foreign exchange transactions through a unified account maintained with an authorized bank. And the National Bank, it was proposed, would record such OUR accounts. Only through such measures will it be possible to provide foreign exchange liquidity. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 30 Mar 82 p 1]

PAYMENTS TO BANKS OUTSTANDING--The failure to meet payments is increasing to a serious degree. According to data from 16 basic banks which are members of the Associated Bank of Belgrade, their uncollected accounts receivable at the end of September 1981 were 28.6 percent more than at the beginning of 1981; most of these were concentrated in three banks. [These are payments on long-term credits.] In regard to short-term credit payments, the situation is even more unfavorable. Among 15 basic banks uncollected accounts receivable for short-term credits increased 74 percent as of last September compared to the same 1980 period. The analysis also shows that 11 percent of long-term credit payments and 28.6 percent of short-term credit payments to basic banks were uncollected [at that time]. The entire situation regarding the failure to meet payments to basic banks is worsening considerably, as is the situation regarding payments in foreign exchange. [Excerpts] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 31 Mar 82 p 1]

YUGOSLAV-ITALIAN TRADE--In 1981 Yugoslav exports to Italy increased 21.5 percent and amounted to $1,012,300,000. This is the first time exports to Italy (or to any West European country) exceeded $1 billion. Since the trade deficit with Italy was somewhat reduced, exports paid for 78.3 percent of imports. However, the export structure (in which food products and raw materials predominate) is unsatisfactory. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 26 Mar 82 p 1]

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